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# ***JPRS Report***

## **West Europe**

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# West Europe

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## FINLAND

### Prime Minister Holkeri on Politics, Arms Control, Own Life

#### Comments on Gorbachev Proposals

36500135 Helsinki HUFVUDSTADSBLADET in  
Swedish 17 Jan 88 p 11

[Report on interview with Prime Minister Harri Holkeri  
by Marit Ingves and Bjarne Nitovuori]

[Text] It was necessary last spring to form a government representing both the Left and the nonsocialists. The quarrel that has broken out over the reform in the labor market is nothing compared to what would have happened if a nonsocialist government had been in power. That is what the Conservative Party's presidential candidate, Prime Minister Harri Holkeri, says in an interview with HUFVUDSTADSBLADET.

Holkeri admits that his political approach is different now than it was in the 1970's, when he was chairman of the Conservative Party and opposition leader. Now he emphasizes consensus and government solutions straddling the center line. Ten years ago, a nonsocialist alternative was the chief alternative.

"Times were different then. Finland's politics seemed more clearly divided into two camps then than now," he comments.

"A nonsocialist government alternative would also have been worth considering this time if there had not been a need for certain particularly difficult reforms—the tax reform, for example, which would not be possible if there were a political split down the middle. And things are difficult enough as it is. Many governments have promised such a reform in the past. What we need now is a government that can also carry it out.

"I have thought about how Finland would look if we had a nonsocialist government now. We have been surrounded by quite a bit of tumult recently. I am completely convinced that the tumult would be much greater if we had formed a nonsocialist government last spring. I don't know what kind of mood would have prevailed in the government. But the conflicts in society would certainly have intensified.

"It will be difficult in the coming weeks to reach a solution on income policy, but doing so would be considerably harder in a political situation like the one I mentioned."

Holkeri commented on the quarrel over the labor market reform by saying that it was connected to the situation with respect to the internal relations of the labor market organizations.

"I have not put my name to anything other than the government's decision in principle. And what we are talking about are things that have not even been put into the law. It may be that the document was sloppily written, but it has also been sloppily interpreted. I am just sticking to what the government decided, not to what was written at various stages of the drafting process," he said.

Nor does Holkeri think that Jan-Magnus Jansson was correct the other day when he said that Holkeri was guilty of carelessness on the issue.

"I have always appreciated Jansson's philosophical style, but even a talented scholar and experienced politician can receive erroneous information and thereby bear false witness against his neighbor," said Holkeri. He added that Jansson had made his statement at "another candidate's" (Paavo Vayrynen's) election meeting and that "that explains everything."

Holkeri declined, as before, to speculate on what would happen if he were to fare worse than Vayrynen in the presidential election.

"I am running for president, and I am not anyone's rival candidate."

#### Active in Crisis

Holkeri feels that relations between the president and Parliament will have to be revised if the president is chosen by direct election in the future. This applies above all to the president's power of veto, his powers in connection with the formation of a government, and his right to dissolve Parliament.

The government's participation should be required in order to dissolve Parliament. One condition for the dissolution of Parliament would be the government's resignation or a parliamentary vote of no confidence.

The president should not have the power to dismiss a minister who has Parliament's confidence. If the president wants to get rid of a minister, he should be able to submit the matter to Parliament, says Holkeri.

If the candidate for prime minister were named by Parliament, that might speed up the process of forming a government. But the present system is not so bad, either, since one must obviously appoint someone to form a government who will not immediately be handed a vote of no confidence, says Holkeri.

As far as veto power is concerned, he says it has already been sufficiently limited, since it is only suspensive.

Holkeri also supports the proposal to limit a president to two terms of office.

"An incumbent president is in a position of greater power in any case, and his power increases with the passage of time. That means less power for someone else. The separation of powers is altered in practice, even though there is no basis for it in the letter of the Constitution."

As president, Harri Holkeri would not impose a government for which the proper conditions did not exist. Only if it were necessary to resolve a political crisis would he consider taking a tough stand to install a government.

He can also conceive of a government that would not include the Conservative Party.

"Even Paasikivi appointed governments that did not include his own party, and Kekkonen appointed a Social Democratic minority government."

### **Results, Not Form, the Important Thing**

Holkeri does not take very seriously the statements that neutral and alliance-free states will "wind up on the sidelines" and not be allowed to take part in the negotiations on conventional disarmament within the CSCE.

"The form that the negotiations take is not the most important thing. What is most important is the content and the result. But all countries have the possibility of participating in those processes—no one has been shut out. But only those negotiations in which the big powers are able to agree among themselves can produce definite results," he says.

The proposals made by the Soviet Union—during Gorbachev's speech in Murmansk last fall and Premier Ryzhkov's speeches in Sweden and Norway in recent days, for example—will be examined very carefully by us. According to Holkeri, they will come up during the regularly scheduled Finnish-Soviet discussions. But they have not yet been dealt with on the political level.

When asked whether the proposals will come up during Gorbachev's planned visit to Finland, Holkeri answered:

"I don't want to evade the question, but if I were to answer it, my answer would be speculative, and I don't want to get into that situation."

### **Defense Capability Must Be Maintained**

Our current defense capability must be maintained, says Harri Holkeri. This means that with our current defense systems and our current level of armament, we must be able to live up to the commitments we have made. But we must also see to it that we can continue to maintain those levels in the future.

The statement by Soviet Legation Counselor Akulov, who said that Finland should beef up its ability to monitor cruise missiles, brought this comment from Holkeri:

"Regardless of what people in various quarters say, we should be able in all circumstances to monitor violations of our airspace. That is the starting point. Evaluating our current capability is the business of the experts. It is their job to determine the steps necessary to maintain our readiness in every situation, including future situations. We know, of course, that technical progress in this area is not only very rapid but also, unfortunately, very expensive."

It is primarily the duty of the Ministry of Defense to carry out those studies, says Holkeri. A parliamentary committee would hardly be capable of performing such a task. All it can do is act as a support for defense policy, determine appropriation requirements, and outline defense doctrine. But performing the actual supervisory function is part of the normal work of the defense administration, he points out.

The presidential election campaign has included a debate on Finland's activity in the field of foreign policy. Holkeri feels that there has been no lack of foreign policy activity on Finland's part.

"On issues where something can be accomplished, we must be active. But activity should not be pursued for its own sake. When you get on a train, you should know where the train is going."

### **Zone Idea Not Buried**

When asked how much substance there is to Nordic progress toward a nuclear-free zone, Holkeri answered:

"When President Kekkonen made the proposal in the mid-1960's, it was naturally more an idea than anything else. But the actual substance was to be found behind the idea—that is, the fact that there are no nuclear weapons in the Nordic region. And the idea is that there shouldn't be any nuclear weapons here, either. And that this should be established as a permanent situation.

"Public opinion in the Nordic countries has been supporting the idea more and more clearly. The original idea has not been implemented, but under no circumstances can one say that things have moved in the opposite direction—that is, that there is any threat that nuclear weapons are going to be introduced into the Nordic region."

According to Holkeri, we should be realists while continuing at the same time to be optimists. He does not share the view that the appointment of a task force of senior government officials to examine the zone issue means that the idea is being buried.

Like President Mauno Koivisto, Holkeri refused to make any comment on whether Finland should react if West German troops ever come to play a larger role in NATO defenses in Norway.

### Swedish His Worst Subject

Earlier during the election campaign, Holkeri spoke in favor of the position of the Swedish language in Finland and even emphasized that Finnish speakers should learn Swedish. He even said it in Finnish before Finnish-speaking audiences.

"During my political career, I have certainly talked more about the position of Swedish in Finnish than I have in Swedish."

The problem of the weakened position of Swedish in comparison with English, for example, arose as a result of the settlement of the comprehensive school issue in the 1960's. According to Holkeri, Swedish is a key to the Nordic region, and it is through the Nordic region that we establish contact with Europe and the world in general. But Holkeri's view of the importance of Swedish also has a personal background.

"Swedish was my most difficult subject in school. My grades were generally good except in languages, and in Swedish they were especially poor. That was why I was forced to learn Swedish relatively late after experiencing for myself how important it is to know Swedish. If I had had a better gift for languages as a little boy, it is scarcely likely that I would be talking so much in favor of Swedish."

Holkeri compares the Finnish attitude toward Swedish to the attitude many developing countries have toward the industrialized countries. Developing countries, which may be a couple of hundred years behind in industrial development, draw up very ambitious and often sound development programs, but they try to bypass several stages of development. In the same way, people in our country get the idea that we can reach the rest of the world by bypassing the languages of our neighbors.

"But we should learn the languages of our neighboring countries first, especially since channeling our contacts with Europe through the Nordic region is a natural thing to do. Besides, Swedish is, of course, our second national language," Holkeri emphasized.

### Danish the Problem

Holkeri says he believes in a Nordic identity. Since people are moving about more and more and discovering increasingly greater similarities among the Nordic peoples, that identity has been strengthened, he believes.

Holkeri mentions the Finnish purchases of Swedish companies as one thing that has strengthened the Nordic spirit of community.

One problem in Nordic relations, especially for Finns, is language.

"But the problem is not that the Finns don't know Swedish well enough, because Swedish is not the common Nordic language to the extent that we would wish. The problem is that the Danes speak Danish. If we could get the Danes to speak Scandinavian, a great deal would be gained. We manage fairly well with the Norwegians."

Holkeri is one of those who have claimed that in the process of European integration, we should protect our interests through EFTA and also through Nordic cooperation.

"We clearly have a common Nordic interest through EFTA. Except for Denmark, we all belong to EFTA. There is a prominent Nordic element in EFTA. Labor legislation, social protection, environmental standards, and so on are similar in all the Nordic countries. When Europe integrates, I hope that we will at least be able to hang on to those standards and that we will not renounce any of them.

"Since Denmark has similar standards in many respects, it is in our interest for the Danes to continue in the EC with Nordic standards."

Holkeri sees no conflict between pursuing our interests in European integration through EFTA and through Nordic cooperation.

### On Challenges of Job

36500135 Helsinki HUFVUDSTADSBLADET in  
Swedish 17 Jan 88 p 11

[Report on interview with Prime Minister Harri Holkeri by Jorn Donner, in Helsinki]

[Text] Occupation, in his view: decisionmaker. Name: Harri Holkeri.

We were sitting in the Swedish Club for three express reasons. It is located in Kruununka, which is where Holkeri lives (as do three candidates and one president), it was once a Donner home (a minor reason), and, mainly, because we wanted to eat Baltic herring.

There was no Baltic herring. Holkeri, who prefers domestic fish, had to content himself with (imported) turbot. The reason why there was no other kind of fish may have been that the restaurant was going to close immediately afterward for one of the holidays.

He has held other jobs besides that of decisionmaker. I will get back to them later.

I asked what he wanted people to remember about his achievements. He replied with another question: is it necessary to live on in history? It is better if what one does suits the time in which one lives. What did Hitler achieve? He wanted a place in history: he wanted to change the course of history, and that he certainly did, but with disastrous results for mankind.

Paasikivi also thought frequently about his role in history. Sometimes he thought more about that than anything else.

Holkeri asked: "You aren't writing for future generations either, are you?"

But, I objected, there may be a need to pass on a legacy to future generations. Perhaps a biological one?

It happens all too often, Holkeri said, that parents try to make their children succeed where they themselves failed. And that is a poor legacy.

Holkeri, who is now a Helsinki resident, came to Helsinki with his mother during the armistice in 1944 to see a doctor. He had grown too fast. He rode streetcars and occasionally got lost. That is his earliest memory of the capital. He was 7 years old at the time.

Eventually there was school and military training at Sandhamn.

"My first student residence was on Tavast Road with a religious landlady who tried to educate us. We had to be in by 9 pm. Tea was served every morning, and anyone who arrived late got a cup with no handles. But the worst of it was that the landlady would rush into our room as soon as we woke up—she wanted to chat. The rent was cheap at 9,000 markkas in the money of that time. But it was impossible to live there any longer. My friend and I moved."

After that, he lived in about 10 apartments besides occasional summer cottages. Not until the late 1960's was he able to buy his own home in Gardsbacka. In between came rooms and apartments in Munkshojden and Sodra Haga, on Deger Island, and one place that was especially pleasant. It was at Kuokkanen's wig shop in the alley next to the National Theater, and it was close to everything. In 1981, he moved to Kruunuhaka (North Harbor) and has been there ever since.

What about now?

The biggest surprise for him in his new job as prime minister since the end of April has been the amount of required reading. It is true that he considers himself a rapid reader without special training, but reading still takes time.

His day? Up a little before 0700 if he does not start the day by running, when he gets up at 0600. Beginning at 0700 he reads newspapers and listens to the early news on the radio. He is at work by 0800 at the latest.

During the day, he is seldom alone in the sense of spending any long periods free of telephone calls or visitors. There is no fiction on his nightstand, only Gorbachev and Jutta Zilliacus' latest book. He reads fiction in the summer. He tries to be in bed no later than 2300.

That is the external outline of his day. A secret about Harri Holkeri was revealed to me a few years ago when he singlehandedly made pike quenelles after chasing his wife Liisa out of the kitchen. We then had supper during a conversation that was taped. That conversation provided material for a book of conversations that is now on hold by the force of circumstances.

It is a book on food and culture.

Writing it is a second occupation, because the Holkeri who is now prime minister was once on his way to becoming a full-time journalist. During his time at the Bank of Finland, he very often wrote articles for newspapers, and his first job with the Conservative Party was related to journalism. Although he had an academic degree, he went to work there as a writer. And that, in turn, had as its background the fact that in his hometown of Toijala, he had not only been local editor for the HAMEEN SANOMAT but also had had to put together a local newspaper, mainly because the only editor was frequently sick.

"I really had not asked to be anything," he says now. "The only exceptions were when I ran for Parliament or the municipal council."

Holkeri explains that circumstance by the fact that Rihtniemi had made him party secretary and that he became party chairman as a result of the admired Rihtniemi's untimely death and also by the fact that he was asked by Paivio Hetemaki to succeed the latter at the Bank of Finland. Eventually, an offer came from the palace in 1987.

Holkeri writes. To do so, he uses a computer—a PC which he has installed in his home. It arrived at his home 3 years ago, and he learned to operate it in a week.

He says it is easier to write a poem on a PC than by hand. The text comes alive in an entirely different way. We fantasized about what Eino Leino or Runeberg would have done with a PC.

During the weeks when a new government was coming into being, Holkeri made daily notes about what was happening. Those notes are stored in the computer's

memory and on paper. At some appropriate time, he may take them out and use them, but not now. The events are still too fresh. Since then, his diary keeping has been sporadic.

Holkeri wrote a poem on the Social Democratic Party's computer at Parliament when the employment law was a hot issue. He claims that there were a couple of minor mistakes in the poem, but I cannot verify that, since the poem may exist only in the memory of the SDP's computer.

Holkeri's external image—the one people are accustomed to—has sometimes been characterized by a degree of stiffness, perhaps because he has seemed to have too military a bearing in public appearances. Much of that patina—if indeed it existed—has disappeared over the past year as he has stepped out of the protected work environment of the bank into another world and developed more self-confidence.

There is also another image which very persistently remains: it is that of Holkeri the skiing fanatic and sports enthusiast.

There has been very little skiing this winter, but he runs, preferably in the mornings if he can: 2 or 3 times a week and 8-12 km each time. He says it gives a person vitality and motivation provided that one does not keep it up for too long at a time. Two hours are too much because by then one's resources have been used up.

All that—the skiing, running, and participation in the 65-km Sulkava rowing match that is held every summer—has its origin in his boyhood pastimes: bandy, ice hockey, basketball, and almost every other sport except polo. Once he suffered a back injury, but otherwise he has had no adverse effects from sports. Mostly there have been benefits.

"It also gets rid of my aggressions."

Members of the Helsinki City Council remember him as a discipline-conscious and occasionally rather heavyhanded chairman. "Pedantic" is the word he himself uses.

We got onto the subject of education and his own relatively modest successes in some school subjects. One of the subjects with which he had difficulty was Swedish, in which he once received a mark of 3. One terrifying experience was his stay in Sweden—where he had gone to learn Swedish. He did not know how to say "cream" in Swedish, so he always had to drink his coffee black. Since that time, he has never had cream in his coffee.

He also tried to express himself with sentences like this: "May I borrow your velocipede?"

Nobody understood him.

Now they do. One reason is that when his other studies in Swedish failed, he began reading light fiction in our language. It was very instructive from the standpoint of language.

On the subject of education, Holkeri ran into opposition when he said there was a need to provide special schooling. Now he feels that it is possible to proceed on an objective basis: if special schooling is provided in music, we can certainly provide special schooling for those gifted in mathematics or science, can we not?

There was a word that cropped up repeatedly in our conversation: "osaaminen," which is not exactly synonymous with "knowledge." It comes closer to meaning "know-how" or "ability." The idea is that schools should inspire students to engage in creative activity, since the society of the future is going to be characterized by culture in a very different way—by culture in the broad sense.

We cannot go on increasing the production of goods forever, says Holkeri. Children cannot eat five pieces of candy at the same time. Only through culture can mankind bring about a change in which the immaterial—that is, cultural values—will mean more than it does today.

Working hours are going to become shorter, and the intention is that the increase in free time should not be spent doing nothing. People need to be busy. Ancient cultures were destroyed by their idleness and lack of initiative. The slaves took over.

Holkeri does not claim to have a clear model for the culture of the future. He is not an expert in the management of culture, but he warns against blind faith in the idea that the bureaucrats have the truth because they make the decisions. Should there be county artists or not? Should we try to encourage higher productivity in culture, as we do in industry? So far, those are unanswered questions in a Finland which is rapidly approaching the year 2000 and in which no one needs to die of hunger or cold unless he himself wants to, as Holkeri puts it. In such a society, people's immediate material needs have been met.

There is a kind of puritanism in what Holkeri says, and that, too, may be a legacy of the Finnish cultural tradition of which he himself is a part—the kind of social mobility which has given the country many of its foremost politicians. Holkeri is not a romantic—he has little use for the intolerance that manifested itself in the 1968 student revolts and the strong leftist temper of that time. He says he has read a great deal about the French Revolution and what followed in its wake. The results frighten him, just as they frightened many during and after 1968.

Holkeri hails from Toijala (although his mother originally lived in Helsinki), but he has become such a genuine resident of the capital and supporter of the



urban life that he says he is suspicious of those who dismiss the importance of population centers and academic centers with an insufficient number of inhabitants and institutions. He feels that Oulu University is a good example of how one can create strong regional centers, but that in little Finland, there is room for only one real "universitas"—that is, a scientific community.

He distrusts those who want to limit the growth of the large cities. People move, and they have always moved. He has moved. If people do not have the opportunity for education and a career inside the country, there is nothing to prevent them from moving to another country. There is nothing particularly odd about people wanting to live closer to each other and to the services they need. Distances in the country are not insurmountable in any case, or, as Holkeri puts it, you can get from Oulu to Helsinki just as quickly as you can go from Brooklyn to New York City.

It is not certain, of course, that Holkeri or anybody else is correct when they consult the tea leaves concerning the future. Holkeri himself supplies part of the reason why that is true: as a fast decisionmaker, he says that at least 51 percent of all decisions made should be the right ones, but he takes responsibility for what he does and says, since he has not evaded responsibility before. There is a natural margin of error in everything one does.

By this time the turbot was gone, and the restaurant employees wanted to throw us out so they could close up and go home.

Holkeri had wanted to be an architect, but he could not draw well enough, and he has not gotten over it yet.

He wanted to be a journalist but became a politician instead.

He does not seem to regret it.

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### **Holkeri Cabinet Members Profiled**

*36170087d Helsinki UUSI SUOMI in Finnish  
31 Oct 87 pp 23-25*

[Text] "Whoops," said Prime Minister Harri Holkeri, surprised when he remembered his cabinet's six-month anniversary today.

Some ministers could say "oh, oh" when they notice that people do not even remember that they are ministers. Of course, everybody knows Holkeri.

In an UUSI SUOMI-poll, people were asked how well known the ministers are and how competent the prime minister is.

"Experts close to the cabinet" were asked to rate the ministers', i.e., still first graders after six months of experience, good, and mediocre.

The first interim report promises that all of them will pass sometime in the future.

The blue-red (Conservative-Social Democratic coalition) cabinet is exactly six months old today.

In UUSI SUOMI's opinion poll, people gave the cabinet their first interim overall grade of C+.

In our current school system, however, first graders do not get interim letter grades, but instead a written evaluation [based on the following scale]: listens to and follows directions, gets along well with others, is courteous, exerts effort, exercises self-control; etc.

UUSI SUOMI used the same principle in assessing the ministers: how is each minister viewed within the cabinet, does he simply obey orders of the bureaucrats, is he talkative, does he have sense of humor, is he respected by others, is he often absent, does he know how to be a minister, etc.

In the interim reports of first graders, an effort is always made to look for positive qualities in the student. So did we.

People both inside and outside, close to the cabinet, gave their assessments. We wouldn't even think of including our own.

In the poll, many respondents did not even remember that some of the ministers are in the cabinet. The invisible ones, however, may have a lot of influence inside the cabinet. We'll tell you who and who has not.

### **All in the Family...**

Teachers always say that first graders are the nicest, like all in one big family. Well-behaved and obedient.

Maybe Matti teases Maija a little bit and Pekka pushes Kalle. And Eki swears too much.

And some of the first snowballs are made too hard.

Holkeri's cabinet seems to be following a strategy that all mischief will be seen early on. The hard and difficult decisions will be made next year. The voter's grade may yet fall during the next year below a C+.

But still two years remain, until the final grades will be turned in, and signed in the next parliamentary elections.

### **Holkeri Meets With Koivisto Regularly Every Week**

Prime Minister Harri Holkeri's position as cabinet leader is secure. Within the cabinet, only Sorsa, if he so wished, could shake Holkeri's position, but instead, he lends his own authority in support of the prime minister. Sorsa has not yet once snubbed Holkeri.

Holkeri is creating his own prime-ministerial style in his own way. The Conservatives still find it a bit peculiar that Holkeri's course of action is more unaligned than Conservative.

Holkeri's tactics are to remain a director and observer for as long as possible. He wants to avoid a situation in which the cabinet would be divided and he would have to decide.

Holkeri hides his real relationship with the president even from the cabinet. Koivisto has said, however, that the prime minister tells him where things are heading.

Koivisto and Holkeri meet at least once a week on Friday morning before the official presentation of cabinet matters to the president.

### **The Social Democrats Now Have a Father**

Minister of Foreign Affairs Kalevi Sorsa has now become the father of the Social Democratic family. He is like a patriarch guarding the family against a crisis.

Even if Sorsa is the chairman of the Social Democrats in the cabinet, his leadership is not operational but political. Even in the Ministry of Foreign Affairs, he is not a managing director but a chairman.

But he is also an element of surprise for the Center Party officials at his ministry. Active Center Party members are perplexed.

Sorsa will put his own stamp on the ministry and is planning new initiatives. Sorsa enjoys his post as foreign minister perhaps more than any previous political post he has held.

He does not participate much in the meetings of the parliamentary (Social Democratic) group. But when he shows up, the members of parliament know that some matters will now be set right.

### **Louekoski in a Strong Position**

Minister of Justice Matti Louekoski was unknown to the average respondent in our poll. Yet, in the cabinet he is the operational leader of the Social Democrats. Who would have believed that about a cool and collected, former little-league player. What is he aiming at?

In the cabinet, Louekoski is considered an intellectual. In his ministry, he is not well-liked but undeniably respected. He is not in the post of a justice minister for the first time.

He has already earned a reputation as dry and pedantic.

He may be Koivisto's trustee among the Social Democratic ministers. Nevertheless, the Social Democrats are bothered by him distancing himself from the party.

### **Who Has A "Prime Minister Complex"?**

Who would have thought that the seemingly nice minister of education, Christoffer Taxell, would have the "prime minister complex"? But so he does.

"Toffe (Christoffer's nickname) might have counted on becoming the prime minister.

Taxell was not prepared for the post of a minister of education. He does his job as if it were unemployment relief work. Fellow ministers have not noted any enthusiasm for the task. Although, in principle, he would be strong in the role of a minister of science and culture. But what is delaying the opening for that role?

Well, everybody knows that Taxell tries to be a liberal, yet he is one of the conservatives in the cabinet, which may be politically wise.

Taxell has not shown the slightest inclination of being biased in the direction of the Social Democrats in the cabinet. In the ministry he leads in the same direction as the bureaucrats.

### **SAK-Controlled Puhakka**

Minister of Labor Matti Puhakka has a visible position in the cabinet right now when labor reforms are being discussed. Toward the end of the year he will be much better known than the poll shows at the moment.

Fellow cabinet members trust Puhakka's loyalty to the cabinet and its policies more than the public picture would indicate.

He has had some difficulties with the officials both at his own ministry and at the Ministry of Social Affairs, where people have to work under him on labor reform issues. The years of publicity belong to the officials, not to Puhakka.

There are claims that Puhakka is easily manipulated by the SAK.

Puhakka has identity problems among his own people. Therefore he must be so red, so red....

### **A Straight Talking Minister**

Minister of Transportation Pekka Vennamo is the third best-known minister according to the poll.

What kind of a picture do people have of Vennamo?

Inside the cabinet, he has the reputation of a strong and analytical minister. Up until now, he is the only one who has dared to state in public that the Social Democrats are talking propaganda when they talk about the State Railways, even if they know the real situation.

Vennamo is lonely, of course. He is seeking a partner in Minister Ilkka Kanerva.

Vennamo's poor state of health is somewhat of a problem for the cabinet. His poor health has been attributed to stress.

At the ministry, he has sided clearly with the entrepreneurs of the transportation industry, which is not to the liking of leftist officials.

### **Even Wahlroos Acknowledges the Minister's Know-How**

When the dreadful head of the Ministry of Commerce and Industry, Bror Wahlroos, acknowledges Ilkka Suominen's quality as a strong minister, that says a lot.

Suominen loves and enjoys his job as a minister but it consumes so much of his time that the Conservative ministers have been left in the hands of Kanerva to a large extent.

His relations with the president are still problematic, although his political authority in general has been returned after a complexed start.

Fellow cabinet members take it for granted that Suominen will find a powerful job outside government after his term in the cabinet.

His relations with the prime minister have been impeccable. Both come from the same school of political behavior.

### **Flattering Will Win Women Over**

It would seem natural that the Minister of Finance Erkki Liikanen would have the number-two position among the Social Democrats. But he is so devoted to his work that Louekoski has taken that position.

Liikanen's position is not considered as strong politically as it would seem to outsiders. His competence as such is not questioned.

He is said to underestimate even his own men. Not to mention the people in the opposing party.

But inside the cabinet, they admit that Liikanen is a first rank minister, prime-ministerial material, says someone.

Liikanen takes care of the party's left wing by flattering the ministers Tarja Halonen and Anna-Liisa Piipari. Well, for someone from Savo Province, it should be easy to make women laugh.

### **Salolainen Is Not Taken Seriously**

Minister of Foreign Trade Pertti Salolainen's problem, even as a minister, is that he is not taken seriously by those working close to him. Is it his baby face?

Officials like to say bad things about Salolainen behind his back. Yet he is seen as a good ambassador for Western trade, a job he seems to enjoy very much. When was the last time we had such a linguist as a minister of foreign trade?

In the beginning, fellow cabinet members criticized Salolainen for rash statements, but now the minister has toned down his rhetoric to match his diplomatic pin stripes.

### **Did She Forget Politics?**

Originally Minister of Taxation Ulla Puolanne, because of her tax expertise, was thought to be one of the most competent ministers.

Now the Conservatives are saying aloud that she has been imprisoned by her own expertise.

Puolanne is about to forget that she is a political minister—which is what a minister of a cabinet backed by a political majority ought to be.

They say that she can be manipulated by her assistants. The officials at the Ministry of Taxation are satisfied with her, but are the Conservatives?

### **A Gambler in the Cabinet**

Minister without portfolio Ilkka Kanerva has not been a disappointment for his party. In the poll, people did not yet recognize him a minister, but they will.

Kanerva, as expected, had been politicking in the cabinet.

In Sorsa's classes of ministerial behavior for the new ministers, Kanerva did not need any instruction. Is there a political situation which Kanerva would not have under control?

In the cabinet, Kanerva is politically responsible for a lot of things, which gradually the public will become aware of.

Time and events have worked for Kanerva to pave his way to the post of party chairman for the Conservatives.

### **Serious Business With a Pale Face**

When cabinet posts were being distributed, people wondered why Toivo T. Pohjala was made the minister of agriculture and forestry. Nobody wonders any more. As a real expert in his field, Pohjala is in the same category as Suominen and Louekoski.

Pohjala takes his job so seriously that stress has made him pale and more grey. This is only fitting for the most conservative among the Conservatives.

At the Confederation of Farm Producers (MTK) he is well respected and even the Center party has not attacked him personally.

Who would have thought that in his own way, to the surprise of everybody, he is one of the ministers with most sense of humor.

It is known that he has close family connections with the Koivisto family. His wife Sinikka (nee Linkomies) is one of Mrs. Koivisto's closest friends.

### **Lively Rebel of the Red Dozen**

Tarja Halonen's appointment, as the second minister of social affairs and health, was as much a surprise as Pohjala's appointment. At the time the cabinet was being formed, she was visiting her favorite country, Nicaragua, but she had received word even that far away.

Maybe her appointment was intended to divide the brightest red dozen of Social Democrats. Rebellion and idealism do remain.

Halonen wants and needs to be jovial, but it is difficult. It has also seemed difficult for her to get used to being a minister. She speaks like a crusader, which is what we do not generally expect from a minister.

But she gets along well with her female fellow minister, Helena Pesola, despite earlier talk about never again having two female ministers at the Ministry of Social Affairs.

### **Hard Work Might Yet Be Rewarded**

Originally, the Conservatives waited most anxiously to see how Helena Pesola would fare as a minister of social affairs and health. And the party is still waiting.

It must be admitted, however, that Pesola has quickly started to look and act like a minister. She gives frequent speeches, but so far she has diligently followed the line adhered to by other officials.

Fellow ministers say that, after all, everyone knows how to request 1,000 more nurses.

As a duo, the female health ministers, however, must be reckoned with. They did not lose much in the budget plans.

Because Pesola is hardworking, the evaluation may be quite different in four years time. And at least people do know her, as much as they know Salolainen, as a minister.

### **The Cabinet's Serious Man**

Minister of Environmental Affairs Kaj Barlund got into the cabinet, because the Social Democrats felt compelled to also include someone representing the Swedish-speaking labor movement.

In the cabinet, he is considered a man without any sense of humor, despite his efforts at being humorous.

He seldom speaks in the cabinet.

His own environmental policy has not become clear yet, at least not in public. Both ecological and hard values have not been defined.

But he can be trusted to manage the country's defense responsibly. And he is a very nice man.

### **A Minister With His Own Ideas**

Minister of Interior Jarmo Rantanen is the only one in the cabinet without experience in the parliament.

But this has not hindered him. Rantanen is considered business like and willing to cooperate. In addition, he has developed a feel for politics.

Rantanen has bright ideas of his own and cannot be manipulated by bureaucrats. One bureaucrat recognizes another.

After the disasters in the previous cabinet, the Social Democrats wanted the minister of the interior to be a man who would not make mistakes in crisis situations.

Rantanen has been a positive surprise to many ministers. He is out for a first-rank placing among the Social Democratic cabinet members.

### **Holkeri Clearly the Best-Known Minister, Cabinet's GPA Remains C+**

An UUSI SUOMI poll, conducted by Taloustutkimus Oy, shows that, in the eyes of the people, Harri Holkeri is clearly the symbol of the current cabinet. Most people remember him when they are asked to list cabinet members—and his GPA is almost half a grade better than the whole cabinet's GPA.

President Koivisto's GPA has remained around a B+, which is one whole grade better than the cabinet's.

Finnish people's views of their government are quite stable and independent of the cabinet coalition. In the three polls by UUSI SUOMI, the GPA has always been C+. In 1982, the mean was 7.05, in the spring 1986, 7.16, and now 7.07. (The number grades are in the Finnish scale of 4 to 10.)

A politician often changes when he becomes a minister. At least the exterior image changes.

Barlund cannot now be mistaken for anything but a minister.

Perhaps this is the way it should be.

### Smiling Piipari Is Gone

Anna-Liisa Piipari was appointed as second minister of education, because she comes from the strongest Social-Democratic electoral district, from Kymi. Jorn Donner reminds us that Finland has a nurse as minister of culture. Sports people, on the other hand, have been quite satisfied that Piipari is also the minister of sports.

The change from a member of parliament into a minister is easy to see in Piipari. The cheerful girl from Kymi is smiling a lot less now. The fact that she is one of Sorsa's favorites—not the only one, but anyhow—makes her position in the cabinet easier.

In the cabinet, Piipari inherited Matti Ahde's place, insofar as she is a field-hardened basic Social Democrat.

That in herself will guarantee a secure future.

### Promoter of Swedish Fishing

Why is it that in Finland a minister of defense is most often appointed from the tail end of the political players when, elsewhere in the world, the post is one of the most coveted ones. Ole Norrback's appointment was Taxell's wish. There are rumors that Taxell is planning for Norrback to be his successor as chairman of the Swedish People's Party (RKP). In the cabinet, Norrback is maliciously called the minister of fishing—as he is also responsible for that issue. Someone added that Norrback is working in the interest of Swedish-speaking fishes.

Norrback still remains a politician tied to a special interest group.

UUSI SUOMI was interested also in people's views about who is the boss in the cabinet and how they grade President Mauno Koivisto. These results will be presented in the near future.

This time, in the period of 12-22 October 1987, 994 citizens between 15 and 69 years of age in 74 locations were personally interviewed about their opinions. The sample has been weighed to correspond to the official statistics of Finland. In general, a difference must be at least 2-3 percent to be statistically significant.

### Concentrated Pockets of Grumblers

Satisfaction with the cabinet varies little by age or social class. However, among 25- to 34-year-olds and in the working class, one-third gives the cabinet a grade between D and F. There is a similar group of grumblers both in Central and Northern Finland.

The Conservatives are happiest with the political cabinet, while the Communists are least satisfied. The second-largest number of grumblers, however, is found among the supporters of Rural Party, which is in the cabinet. In contrast, the supporters of the traditional red-soil parties, Social Democrats and Center Party, express equally lukewarm feelings.

Throughout, Holkeri's grades are better than those of the entire cabinet. Eight percent of the Conservatives would grade him A+ and 28 percent would give him an A. Even though 41 percent of the Communists gave him C- or D-, the mean was 6.58 (in the Finnish numerical scale from 4 to 10). On the other hand, among supporters of the Social Democrats and the Center Party, Holkeri is quite a satisfactory prime minister.

### SD Ministers Are Unknown

To measure ministers' recognizability, people were asked to list names of ministers in the current cabinet, as they remembered them. The mentioning of a name, in general, as well as the one listed first were tabulated.

Holkeri was listed overwhelmingly more often than Kalevi Sorsa. In addition to Minister of Defense Ole Norrback, SD ministers especially are least known. After all, all of them are not among the best known figures in their party, but perhaps people have also been more curious about the Conservatives in the cabinet.

Minister of Finance Erkki Liikanen has been very visible and therefore his fourth placing in recognizability is no surprise. In contrast, Minister of Transportation Pekka Vennamo's third place was a surprise. Clearly, the ministerial status of fellow chairman Ilkka Suominen is remembered less often.

Compared with others, the Conservatives and white-collar workers could list many more ministers of all parties. The young remembered names of ministers less often than other groups.

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### Seven Conservative Party Cabinet Ministers Assessed

36170087a Helsinki *HELSINGIN SANOMAT* in Finnish 1 May 88 p B5

[Text] On 29 April 1987, the parliamentary representatives of the Conservative Party and the party committee were finishing up their joint meeting and celebrating with loud patriotic cheers in the auditorium of the parliament house. A decision to join the administration, after 21 years in the opposition, had just been made in the meeting.

The party's new heroes, its own cabinet ministers were cheering the loudest.

The party's unbearable lightness of being continued for weeks. In the party meeting in Oulu in June, the new minister of foreign trade walked around self-importantly displaying a name tag that read simply: Pertti Salolainen/cabinet.

For her part, Minister of Taxation Ulla Puolanne says "I didn't have any problems with a role switch. The unnecessary yapping in the opposition had already started to get boring."

We have scrutinized the actions of the novices for a year. The Center party members, shoved into the opposition, have condemned the group of ministers as inexperienced and inefficient.

"Inexperienced? Rubbish. Ilkka Suominen, for example, would beat the Center party trashy ministers any time," snaps one of the colleagues, a Social Democratic minister.

A Social Democratic official thinks that the most visible evidence of the long time in the opposition has been the Conservative ministers' lack of experience with public scrutiny. When they were the opposition, their statements were ignored, while the same stupidities from the lips of a minister become headlines.

However, the Conservatives have been quick to learn: as early as November, they knew quite well how to accuse the press for distortions of facts.

After having tasted the power of governing, the Conservative ministers have hammered in enough decisions and signed enough documents to frighten some of the more experienced fellow ministers.

One of the more experienced cabinet ministers complained "To my surprise, I have sometimes noted that the Conservatives do not pay any attention to the ideological side of some issues."

### Holkeri, the Technocrat

A Conservative member of the parliament, sitting in a dusky sauna at the parliament house, complains that "the Prime Minister has been a disappointment." He grumbles that Harri Holkeri has raised himself above his former party brothers and adopted the role of a technocratic chairman in the cabinet.

"Holkeri should remember that the party supported him last in the presidential election. It is his turn now to remember us."

A Conservative assistant compares Holkeri's style of leadership to Squire Juuso Walden's leadership of the forest industry in the 1950's.

"It is management by seeing not by doing. Such a leader has his hands-off rather than on the work."

On the other hand, a minister of the other party, sincerely gives him some acknowledgment. "I feared for more difficulties. There is always the danger that a prime minister will be partisan."

The former prime minister, currently the minister of foreign affairs, Kalevi Sorsa (Social Democrat), has become even a closer and more trusted friend with Holkeri. However, he has not adopted Sorsa's style. "A minister, who has watched them both, states that "unlike Sorsa, who was sometimes really malicious, Holkeri truly tries to be just."

There are inside rumors that everything is not as it should be between Holkeri and Ilkka Suominen who had originally been forming a non-socialist cabinet.

The suspicions were confirmed when Holkeri in the end of March announced that he would "insist on being let off the hook that was nailed by the Conservative ministers' schedule for tax reform." At party headquarters, people watched in total silence the prime minister's outburst in the evening news. A party bureaucrat recovered fast to suggest that a collection should be made to buy a new, portable coatrack with hooks for the prime minister.

"Afterwards, in a meeting of ministers, Holkeri, with a blushed face, announced that he would not sign the information release concerning the schedule for reform. Suominen and Party Secretary Aarno Kaila had schemed the thing up. In a way, they put Holkeri against the wall, but Holkeri would not agree to it," a Conservative staffer informed us.

### Managing Director Suominen

Even if a non-socialist cabinet remained as a piece of paper in a safe, Ilkka Suominen got back up on his feet very quickly. He accepted the post of the minister of commerce and industry as a free man; the political weights hang around the prime minister's neck.

"Suominen has worked well and hard with many initiatives" insists a fellow party member who praises him especially for his clear stand in favor of nuclear power.

The colleagues in the cabinet join in his praise.

"Suominen is absolutely the best among the Conservative ministers. He knows his field," applauds a Social Democratic minister.

High officials are also pleased. Bror Wahlroos, the head of the Ministry of Commerce and Industry, is rumored to have said "I have never had a better minister than one of the current ones."

Suominen is also responsible for the challenging issue of trade with the East bloc, where both successes and setbacks have been experienced.

Last fall Suominen successfully participated in concrete activities in the spirit of the Treaty on Friendship, Co-operation and Mutual Assistance: he shot a moose together with a Soviet minister at the representational farm of the Confederation of Farm Producers (MTK) in Kettula.

A proposal presented to the Israeli Minister of Energy suggesting that Israel would buy Soviet oil through Neste did not work out quite right. At Neste, they were shocked and wondered how the Arab countries, which rule the oil markets, would have responded to such a deal.

A minister of the other party sees some danger in Suominen's business-world-like, assertive style of leadership. "Suominen likes quick solutions. He may not know that a cabinet member must develop a tolerance for sitting and waiting. Those who listened to Ahti Pekkala's stalling lectures, are well aware of this."

Even if the Conservatives have lost out on most of the choicest appointments during the first year, Suominen has been able to take care of his own [financial] security for retirement. He was appointed ALKO's (State Alcohol Monopoly) director in April-starting as soon as his ministerial duties allow him to leave.

### Salolainen, Cocktail-Party Shark

Minister of Foreign Trade Pertti Salolainen is the other man working under Wahlroos. Originally it was predicted that he would get the post of the minister of environmental affairs.

"Of course, I wouldn't have had anything against being the finance minister either," Salolainen chuckles.

He reminds us not to forget that he is competent even for his present post. "Among other things, I wrote my master's thesis on the integration of EFTA and EEC."

Salolainen's participation in domestic affairs has been limited to some snarls about the price of bread or about the Center for Promotion of Tourism. The minister has ended up in promoting integration at cocktail parties around the world, while his nimble fellow party members have gathered points at home.

Salolainen has attempted to help himself by quickly and eagerly contacting Finnish reporters abroad and offering them stories about his "success travels."

During his first year as a cabinet minister, Salolainen has been personally reminded of the inherent danger in rash statements. Last summer he announced that Finland would not join the Council of Europe.

A couple of weeks ago, the cabinet decided to initiate steps for joining the organization.

### Kanerva, Man of Grand Gestures

A fellow party member sums up Ilkka Suominen's year as the minister without portfolio: "Ilkka (whom he calls Ike) showed a little too much confidence before the fight. He believed that flexing his muscles would be enough."

Since Kanerva does not have a ministry of his own, he has meddled in almost every other minister's business. He has given rash comments on presidential powers, adult education, as well as on the extension of natural gas pipelines.

To his own surprise, Kanerva found himself in the middle of the first big political storm in Holkeri's cabinet, the reform of work life. A Social Democrat, Matti Puhakka, rose to be his opponent in the fight.

A Conservative politician who followed the fight closely told us that "in the beginning, Ilkka did not even have a clue about the issue."

The employers' side, however, offered some comfort, although in public even they were complaining about the cowardice of the Conservatives. So it happened that both Puhakka and Kanerva could be at the Employers' Confederation headquarters at the same time for further instructions—often ignorant of each other's presence.

In the end, the heavyweights of the cabinet had to unravel the work-life reform. Puhakka was then allowed to present the results to the Social Committee of the parliament, for example. In the last week of April, the committee was still undecided about whether to hear Kanerva at all.

Just when the Minister of Agriculture, Toivo T. Pohjala, had settled down comfortably in his post, the malevolent rulers of the skies arranged a poor harvest in the country. Raccoons and foxes have also lately joined the ranks of Pohjala's political opponents. They are spreading rabies in the country to the great annoyance of the minister of agriculture who is responsible for such matters.

Despite some setbacks, Pohjala is considered as the most positive surprise among the Conservative ministers—even the former Center party ministers of agriculture express their approval.

Even the last holdouts in the Confederation of Farm Producers (MTK) who had misgivings about him had to applaud warmly at the convention of farm producers in June, when the fresh minister of agriculture said that even the highest official would have to depend on a farmer for his food.

When, on top of it all, the president of the MTK, Heikki Haavisto, appeared pleased with the share of agriculture in the budget, the Conservative rank and file began to grumble. They recommended Pohjala to remember the old wisdom of the trade union activists: listen carefully for where your strongest applause is coming from.

A fellow party member hopes that "in the future, Toivo would adopt a more decisive line with respect to agriculture."

A close aide is not hopeful. "We must face bitter compromises in the farm policy, but Pohjala will not be the one to initiate them."

#### **Puolanne, the Procurer**

Prior to the general election, Minister of Taxation Ulla Puolanne, announced that it would be her last one. The announcement made the tax minister a liability for the Conservative party. She is deeply committed to the tax reform without having to worry about political survival.

A cold assessment by an official is that "as a tax minister, she will be either a huge success or she will be destroyed."

Aides are grumbling that the sarcastic statements by the procurer minister, who is having a good time with tax formulas scribbled on graph paper, end up hurting the party.

Puolanne admits that fast pace of work has been extremely stressful for everybody. But she defends herself saying by "people arguing that the tax reform is my personal crusade are lying."

Furthermore, she reminds us that the work could not be done if one, for the whole time, worried about political consequences.

Fellow Conservatives complain that Puolanne can be influenced too much by the Social Democratic officials at the Ministry of Finance and the National Board of Taxes. One observer adds that "she gets along too well even with Liikanen."

The majority of officials are thrilled. "She is an iron lady. It is nice to see a minister who will do what she sees right without any concerns for the people."

Puolanne has also decided that she will commute to her home to Lahti in her own car or by train. She discards the extended use of an official car as "a pompous gesture." On the other hand, the minister of taxation must know very well how heavily a chauffeured-car privilege would be taxed.

#### **Pesola, the Cornflower**

Before Helena Pesola became the minister of social affairs and health, she was elected the vice-chairman of the Conservative Party, a token woman, a pretty cornflower. She was regarded as a provincial politician, whose highest national merit is the parliament's skiing championship.

The Central Finland electoral district continues to be important for Pesola. There, those who are planning even for the smallest events, can rely on the minister having time to drop in, even if in other parts of the country, more significant events in the field of social and health affairs would be taking place at the same time.

A fellow Conservative guesses that "the men in the region are fooling her in this matter."

Transportation Minister, Pekka Vennamo (Rural Party), also sensed Pesola's regional sensitivity. Last year in a Central Finland newspaper, he appeared horrified at Pesola's stand with respect to the differentiation of the law on employment, which according to Vennamo would deprive the region millions of marks in employment funds.

Pesola regards Vennamo's claim as nonsense. She does not deny her regional interests, however. "Every minister should display enough provincial patriotism to take care of his or her own region." Fellow Conservatives think that Pesola's profile has been too low. They ask if "she has introduced anything else than a raise in the price of liquor and cigarettes."

#### **Ends Well?**

In the Prime Minister's opinion the cabinet is nowhere near the last shore.

Most people would agree with him: the cabinet will stay in power through the electoral period. An observer muses that "the Conservatives will not dare to leave, and Koivisto will not allow the Social Democrats to leave."



He fears, however, that the tax reform is becoming a problem for the cabinet. Therefore, he will not agree to bet on behalf of the blue-red (Conservative-Social Democratic coalition) government, before it has gone through the budget negotiations in the fall.

As early as last summer, Kanerva, the minister without portfolio, had a more favorable view of the future of the cabinet in general and especially of the chances of the Conservative ministers.

When the Conservative parliamentary representatives were ending their summer convention in Mikkeli, he announced that "on our next trip here, we will come to elect the governor."

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### **Moscow-Oriented CP News Organ Announces Staff Changes**

*36170087b Helsinki TIEDONANTAJA in Finnish  
11 Mar 88 p 5*

[Text] Matti Pykala, 65, who has been TIEDONANTAJA's Moscow correspondent for years, will retire.

Pykala whose articles over the years have become familiar even to many outside our usual circle of readers, will not, however, leave our paper entirely, but will make his expertise and assistance available even in the future.

Our current Deputy Editor in Chief Risto Repo, 40, has been appointed as the new Moscow correspondent. Repo has served at TIEDONANTAJA since 1975, prior to that he had held different jobs in the field of communications. He was the Warsaw correspondent for our paper in 1979-1983.

Repo will begin at his new post in April.

### **Appointments at TIEDONANTAJA**

Reporter Thomas Micklin, 37, has been appointed as TIEDONANTAJA's new domestic editor. He will report mainly on economic and labour affairs.

Micklin has worked at the Swedish newspaper ENHET of the SKP (Finnish Communist Party) since 1975, mainly as the Editor-in-Chief.

Micklin will start at our paper in mid-March.

Reporter Ilppo Kivivuori, 23, has already started as the new assistant editor. Before coming to our paper, Kivivuori worked as the editor of UUSI VALTA and as the editor in chief of MUUTOS of Vallankumouksellinen Nuorisoliike (Revolutionary Youth Movement). Photographer Miguel Vera, 33, has been appointed as TIEDONANTAJA's parttime photographer and copyist in the photo lab.

Vera came to Finland as a political refugee from Chile in the end of 1973. In recent years he has worked as a free-lance writer and temporary photographer for our paper.

Vera has already started his permanent employment at the paper.

Journalist Tarja Savolainen, 29, has been temporarily contracted to the national desk of TIEDONANTAJA. Previously Salolainen has worked among others at the National Broadcasting Company, at the Information Office of the State Railways, as well as in some local newspapers. Her employment at TIEDONANTAJA began some time ago.

### **Staff Changes**

There have been some internal changes in the editorial staff of TIEDONANTAJA.

Assistant Editor Svante Ahlroth, 34, has started on the post of a chief news editor and will be responsible for managing the daily editorial work.

Assistant Editor Antti Tapola's, 35, job definition includes development and planning of the paper's appearance.

Editor Taina Repo, 32, has become TIEDONANTAJA's media editor responsible for radio, TV, and the movies.

Editor Borje Skruf, 40, has become responsible for cultural affairs.

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### **Details of Communist Party Financial Scandal**

#### **Reckless Investment Policy**

*36170082 Helsinki SUOMEN KUVALEHTI in Finnish  
20 May 88 pp 33-34*

[Text]

### **When the SKP Economy Collapsed**

The Communist Party (SKP) got its fingers burned in the investment game, but it has hardly lost all of its money. It will, however, hardly get back all of the money invested from its expanded conglomerate during the year in trotter stables and the trash bag business.

It would at this time be easy to gibe at the Communists. On the other hand, the party's effort to attain financial independence is one that all Finnish parties ought to strive to achieve. Hardly anyone wants a Finnish party to be funded with money acquired from outside the country.

The SKP probably invested about 100 million markkas of its capital last spring and summer. It is hard to determine the exact amount since some of the invested funds were collected from the party's different behind-the-scenes organizations. According to those who have been closely following party affairs, most of the money was obtained from the recent sale of the Koitto Building and part of it from a 35-million-markka bank loan contracted last summer which is secured by the party headquarters, Culture House. The mortgage is held by Yhdyspankki [United Bank].

Last spring and summer SKP finance manager Jorma Sorvari established several businesses as instruments of party commercial activity. At the same time he was on the lookout for joint venture partners and found one in businessman Veikko Luode. Kuusinen Company general manager Risto Reijonen and the chairman of the board of that company, Rauli Aura, were also new partners.

Sorvari pumped money into Luode's Luode Investment Company, which Reijonen and Aura also joined, the latter through Osaomistus Oy [Part Ownership Company], owned by him, each with a one-third share. Luode Investments became a company called Tanneco through the intermediary of the Kuusinen Company's biggest shareholder in a deal concluded at the end of last April.

Tanneco relinquished its holdings in Kuusinen at the end of last year and the latest chief shareholder of the company is Osaomistus Oy. Its adventure as the owner of Kuusinen was evidently a costly one for the SKP, but it does not fully explain the low return on its investments. On the other hand, some say that Reijonen and Aura profited from these share sales.

Sorvari and Luode's joint business operations were extended into other sectors too last year. SKP money was invested in, among other things, trotter stables whose horses are at the present time, according to the experts, worth at the most the sausage they could produce. Much of the party's money was also invested in other Luode ventures.

#### Communist Intoxication With Investments

For a long time now the SKP has had many business enterprises, but they have not always been controlled by the party. Many people have been wondering why these companies were not good enough for Sorvari.

One of these companies that is close to the party is, for example, the Fexima Company, which was used as an instrument in the sale of the Koitto Building. In 1981 Fexima bought the Koitto Building from the party and the Koitto Temperance Society for 22 million markkas and later sold it to the Hakka Construction Company for between 110 and 120 million markkas. Funds gradually debited to the party's behind-the-scenes organizations by Fexima constitute the basic capital of the SKP investment portfolio.

In the opinion of many who have been following the situation, the reasons for dropping Fexima were the intoxication with investments that was prevalent in Finland last spring and summer and the fact that the party had money that it no longer needed to conceal from the minority faction. Perhaps the most important reason was, however, the fact that subsidies obtained from abroad ceased after the party minority faction was expelled.

On the other hand, some people have also been wondering why the SKP did not place its money in safer investments. The return from stock exchange shares or bonds could have been calculated in advance and the risks of losing money would have been smaller.

It has been claimed that the reasons are both ideological and practical. It was ideologically easier for the party to invest its funds in small businesses than in big bank shares.

Those who have been following party developments say that expectations of [higher] returns were the practical reasons. Despite ever diminishing support for it and a reduced party subsidy, the SKP organization goes on as though nothing had changed. The different shadow organizations set up during the years of internal strife are also still in existence. An organization like this spends a lot of money and that is why a high return was required of its investments, one which with luck would have been obtainable from small businesses.

#### Leaders Warned

Many bankers feel that the SKP had uncommonly bad luck in its investment adventures. However, its inexperience, ignorance in such matters and the wrong business partners are viewed as being just as important reasons.

Luode, Reijonen and Aura are very well-known businessmen and many doubt that the inexperienced SKP will disentangle itself from its difficulties with them. SKP chairman Arvo Aalto was informed of the dangers of the investment game on at least a couple of occasions last fall. The warnings presumably came from the STS [Finnish Workers Savings Bank] Bank and MP Esko Seppanen, among others.

No one can say at this point how the SKP's investments will finally turn out. The more of a stir they make about the matter, the worse the party's chances will be of even getting its original investment out of it. The SKP will not, however, lose all of its money.

#### Origins of SKP's Holdings

36170082 Helsinki *HELSINGIN SANOMAT* in Finnish  
20 May 88 pp 35-36

[Text] "The SKP has not always run into the obstacles in acquiring money which a rank-and-file Communist may think it has," a student of recent history appraised the situation.

Financial affairs have up to now only been touched on in passing in historical writings dealing with the SKP. It is generally known that money has been spent, a lot of it,

on fighting both outsiders and their own people. But the matter of where the funds have come from and how they have been obtained is strikingly sparingly discussed, particularly in memoirs. The opening of SKP records to the public eye has with respect to this brought to light an abundance of new information. The first study in which the management of SKP finances is also relevantly and thoroughly discussed is to appear next fall. Lauri Haataja, who holds a degree in political science, has written the volume, "Learning Democracy," to be published by the Tammi Publishing House, and in it he gives a more extensive account of the Communists' rise from an underground movement and their first steps in operating in the open.

### Brothers' Axis

According to Haataja, the SKP drifted into its first financial crisis in early 1945. The party had already decided the previous fall to pay all top-level leaders, Party Committee members and even district secretaries a full salary, which was at the time an entirely new thing in Finland. When Communist attempts to procure wealth by taking possession of trade unions and worker organizations that used to be in the hands of the Social Democrats failed one after another, the party's slim contingency fund quickly dwindled. According to a story that stubbornly lingers on—the truth of which Haataja really doubts—the situation was at one time so serious that chairman Aimo Aaltonen and first secretary Ville Pessi had to go and do construction work.

At that time the SKP also got a new finance manager when Matti Janhunen, who had handled the job as a sideline since the fall, became a government minister. He was replaced by Antti Aaltonen, the chairman's brother, who, according to Haataja, quickly put the Communists' finances on a sound basis.

Officially, the new finance manager's position was a powerful one, although he was never even officially elected to the post. Among other things, Aaltonen was rapidly elevated to the Party Committee, which corresponds to the present-day Politburo. We know that he administered his own area of responsibility with nearly autocratic measures. Many indications, for example, point to the fact that financial matters were just not discussed at party organ meetings. This is how a tradition that has stubbornly survived until this very day got its start.

The Aaltonen brothers also gave birth to the practice of depositing money due the party directly into the central administration treasury, not turning it over to the district organizations as was then still generally the custom. Thus the party holdings could be used with relative freedom for any purpose deemed to be appropriate.

### American Aid

When the financial crisis was at its height all SKP employees had to make ends meet with half pay for a while. The new finance manager was not, however, merely content with reducing expenses, but quickly began to look for active new sources of income. Income from membership dues increased when joining the party was made easier than before. A decision to collect a separate registration fee from each newcomer eased the acute shortage of money. They began to levy an admission fee to party meetings and conferences and an effective ticket sale network was instituted for the larger workplaces. Team spirit was also very much alive and Culture House, for example, was in part built using volunteer labor.

"Membership dues were much higher than in the other parties and, since they were collected monthly, cash income remained regular. In addition, a considerable portion of ministers and parliamentary representatives' salaries was retained for party use," Haataja said.

In early 1945 Parliament almost unanimously decided to pay a couple of thousand political prisoners and wartime deserters sizable indemnities. The SKP, to whom a large share of the authorized indemnities belonged, reacted by announcing that it would collect a "comrade tax" amounting to 50 percent of the indemnities. According to Haataja, there is nothing that indicates that all of them did not pay their share of the total.

The Communists also benefited from the settling of wartime policy accounts through the agency of another party. According to the armistice agreement and the decision reached by the Big Three in Potsdam, German property in Finland had to be turned over to the Soviet Union, which in turn passed on some of it to the SKP and individual party leaders for a nominal compensation. In this way the Communists gained possession of what is today Sirola College in Harvila near Hameenlinna, among other properties. Two pieces of real estate came as gifts from businessmen: one in Toolo and the other on Saastopankinranta.

Direct CPSU support for its affiliated Finnish party was, on the other hand, considerably less than is generally imagined for those days. The celebrated "ruble aid" was primarily channeled to the Finnish-Soviet Society, but not even that organization usually received money straight out, instead getting modest bazaar supplies like tea.

SKP leaders got a taste of the Soviets' niggardliness when they tried to get their own printing press from them for the party organ TYOKANSAN SANOMAT. First, they sent a delegation headed by Ville Pessi to Moscow to negotiate with them for Soviet aid, but their hosts promised no more than a set of typefaces. They finally got their presses from Sweden with the aid of American financing. According to the official explanation, they

were a gift "from our American-Finnish comrades." Haataja finds the claim to be at least subject to doubt. "If such a large sum of money was involved that not even the USSR had the means to cover it, how could individual Finnish-born communists have managed it?" he wondered.

They could resort to U.S. aid without any particular ideological qualms since in 1945 the United States and the USSR were still allies and Moscow was to a large extent dependent on Western aid. Relations with the West did not become politically sensitive until the Cold War broke out in 1947, at which time individual communists were, among other things, forbidden to associate with Western diplomats and journalists without the party's permission. Haataja does not, however, think it impossible that the flow of revenue may have continued later on too.

The Communists' secret cash flow next gave rise to a public stir when KANSAN UUTISEN's first chief editor, Jarno Pennanen, was accused of having received money for spying from the CIA. The episode finally assumed the characteristics of an actual witch hunt, but no evidence to back the claim was ever presented.

#### Aid From Businessmen

The notion of getting rich through business activities was not alien to the current Communist leaders' predecessors either. As early as the 1940's, Matti Huhta, who headed the party for a short time after the war, planned to take advantage of the foothold the SKP had gained in the government machinery and the special status it enjoyed in the Soviet Union in an economic respect as well. The plan, however, quickly foundered on its own infeasibility and those few gains that Huhta's "business deals" had managed to produce apparently went to Huhta himself. As for Antti Aaltonen, we know that he conducted a small-scale television commission business with the Russians during the last years of his term in office.

The Aaltonen brothers dynasty was overthrown at the 14th SKP Congress in late January and early February 1966. When moderate Aarne Saarinen supplanted big brother in the chairman's post, little brother had to switch to duties of lesser importance in the finance department, where for a couple of years he was responsible for real estate matters, among other things. Former Valpo [State Police] detective Olavi Kortealho, who served until his retirement in September 1985, became the new finance manager.

"He was a businesslike and conscientious worker who always strove to think of what was best for the party. He was especially careful to see to it that membership dues were paid on time and that dues in arrears did not get to be too big," Saarinen recalled.

He said that he had noticed, immediately after becoming chairman, that the party's economy was to an alarming degree dependent on foreign aid. After the Stalin era, the Soviet attitude toward providing aid for affiliated parties in the Western countries had changed and sizable sums were available from the communists' International Joint Fund for the operation of SKP activities. As Saarinen remembers it, the flow of money did not dry up until the mid-1970's with the worsening of the party schism.

Nevertheless, the bottom of the party coffer could at no point even begun to be seen. During Kortealho's term an entirely new source of income was the state's party subsidy, which, to be sure, officially went to the SKDL [Finnish People's Democratic League], but from which the SKP indirectly benefited. Finland's rapidly growing trade with the Soviets also produced economic advantages for the Communists.

"The SKP got money through companies that engaged in both export and import trading. It was important for businessmen to show a democratic facade to get into Soviet markets. They believed that they could gain commercial advantages by helping the SKP," someone who had followed developments closely related. As for the fact that a centralized organizational structure prevented the Stalinists from at any point getting their hands on party holdings, it mitigated the effects of the factional split. The policy governing the distribution of funds formulated during the Aaltonen brothers era now turned out to be fatal to the minority faction: Although it did control many district organizations, the millions were and continue to remain in the pockets of the reformist central leadership.

As was well known even in the 1970's, the Stalinists subsisted on print jobs ordered by the Soviets, among others.

#### Aalto Pried From Leadership

36170082 Helsinki HELSINGIN SANOMAT in Finnish  
20 May 88 pp 37-39

[Text] You can't teach an old dog new tricks. This bit of wisdom also seems to be appropriate for the SKP, which will be 70 years old this summer. Just when the party was getting over decades of constant factional strife, its minority faction was being clobbered in the presidential elections and there was beginning to be an increase in support for it, the party economy collapsed.

With the financial scandal, the old gang mentality has been restored to its rightful place. Now they are demanding the expulsion of chairman Arvo Aalto and first secretary Esko Vainionpaa. The unsuccessful economic experiment has shaken the basic values of the communist movement. To be credible, renewal of the party requires a change of leadership, representatives of the "new" opposition say.

Chairman Arvo Aalto, who has lived through many difficult situations, is not surprised at the stir over a change of leadership. The financial scandal has kicked off speculation on candidates in the SKP, which Aalto says he has been following with interest. "When the comrades who put the new political culture and morality on notice are behind the to-do, the business is doubly interesting. If they get wind in their sails, the party will have to draw its own conclusions," he laughed with his eyes narrowed. "I'm interested in this development; the people's thinking appears to be changing."

MP Arvo Kemppainen has proposed that the SKP Central Committee call a special congress to investigate the situation the party is in. In Aalto's opinion, this is not necessary. The Central Committee is perfectly capable of making the necessary decisions, right down to the election of party leaders.

"I assume full political responsibility for this but not for the practical handling of affairs. I'm not forcing political responsibility on anyone. My post is available to the Central Committee. And I mean it," Aalto said.

According to Aalto, the SKP made a conscious choice over a year ago when it began to engage in investment activities. Their defeat in the parliamentary elections meant a radical reduction in the financial aid obtained from the SKDL [Finnish People's Democratic League] movement. They had to either cut down on activities and throw people into the street or live on credit. With finance manager Jorma Sorvari's measures, they began to engage in business activities with the return from which they intended to cover the budget deficit.

"In that context we created a political-moral ethic so that we can participate in small and medium-sized business activities which we support with our policy in today's society and which we consider possible on the basis of private ownership in the socialist Finland we are striving for too," Aalto said.

He denied accusations regarding the casino operation. There is no reason for moralizing as a result of this choice. Even ownership of a trotter stable is not, Aalto's opinion, in any way risky. Furthermore, the SKP got the Hot Trotters stable as a fringe benefit of Luode Investments.

"I am not suffering from a moral hangover, nor do I feel that I have done anything in terms of basic options that I would not be ready to defend. The other thing is that the finance manager's appraisals have proven him to be wrong and that he himself is very naive in the tough world of finance.

"It seems to be true that the news of a naive investor spreads quickly and there is no shortage of skimmers," Aalto laughed with inward-directed irony.

Why didn't you rely, for example, on STS aid? At the Workers Bank they are even familiar with casino operation tricks.

"That's an essential question," Aalto acknowledged and himself wondered at his own gullibility. "Even though we got word that things were not being managed properly, we placed too much faith in the finance manager's explanations.

"I have myself wondered how I could believe explanations that were continually proved wrong. I do after all have some personal experience and familiarity with financial matters too," Aalto gave an accounting of himself and let loose a few curses in affirmation of his own stupidity.

### **Did the Economy or Their Nerve Fail Them?**

The sum the SKP invested was originally 10 million markkas of its own money. It later grew through loans secured with a mortgage on Culture House, the party headquarters. Aalto, however, disputes talk of 100 million in investments. The assumption was that their investments were to be safe ones. The party was to get its original investment back in the event of bankruptcies.

"Just don't worry, our affairs are in good shape, the finance manager assured me when I asked him following the alarming reports [I had received]," Aalto said.

Former finance manager Sorvari had constantly assured them that there would be returns on their investment. He gave us to understand that the SKP leaders lost their nerve when the money did not come in then and there. To assist the party leaders, people very familiar with financial matters are at present unraveling the SKP's financial mess. At last, professionalism is acceptable to the SKP too.

According to certain reports, some of Sorvari's investment operations might have been exceptionally successful. There has been talk of expected profits as high as tens of millions of markkas, but it is hard to realize profits very quickly. And what if the balance of their business operations does prove to be positive? Then they would have the last laugh on decisions made in a state of panic.

### **Incompetence, but Not Irregularities**

According to chairman Aalto, investigations conducted up to now indicate that they made a mistake when they joined Luode Investments. Its later burgeoning into a conglomerate is also explained by the fact that finance manager Sorvari was apparently only trying to conceal the failure of the venture. Now the conglomerate is being dissolved and it will only be after that happens that the real outcome of their investment operations becomes apparent.

"We plan to break up the whole chain of ventures in cooperation with the other partners, not through bankruptcies."

Aalto emphasized that only money received from the sale of party property, the Koitto Building among others, was used for the SKP's business operations. Not a single markka of the money collected from members or the party subsidy was used for this purpose.

"The SKP economy has been seriously damaged by the fuss over the finance manager, but the foundations of the party's economy have not crumbled. Even after these adventures, the SKP is financially independent and Culture House is firmly in the hands of our movement. No obligations whatsoever to banks have rocked them," Aalto assured party veterans who feel that lowering Culture House to the status of a pawn of the financial world is an affront to its inviolability.

SKDL financial guru Esko Seppanen has charged that Finance Manager Sorvari, Chairman Aalto and First Secretary Esko Vainionpaa ran business operations without authorization. The matter was not reported to the Central Committee until after the fact, when it had been leaked to the press.

In Aalto's opinion, it is naive to maintain that the chairman and the first secretary had actually managed financial affairs. That is simply impossible. It is inherent in such matters that one's finance manager can be relied on to handle them. The chairman and the first secretary have other things to do than to take care of financial matters.

"Seppanen is right in maintaining that the finance manager's operations were in progress before the party leaders learned of them. Seppanen's public reaction to the affair had the effect of getting the communists to engage in a broad discussion of the investment operations and the reversal [of policy] was largely understandable."

"The best man available was chosen when Sorvari was chosen," Aalto replied to the question: Who found the finance manager? "He holds a master's degree in mathematics."

The auditor who submitted his report to the Politburo judged from Finance Manager Sorvari's financial operations that the man is "either crazy or a scoundrel."

"So far, at least, nothing has cropped up in the business involving the finance manager that points to criminal action," Aalto said.

According to Aalto, the SKP's financial deception will mean restoration to a sound financial basis in the communist and SKDL movement. Once the financial mess is cleared up, operations will be adjusted to conform to available funds. Aalto would not yet begin to guess how many will get the boot.

"This has certainly been a shitty experience for all of us," Aalto sighed. It is generally felt to be likely that Aalto will continue to head the party. The Politburo will also probably get an extension. But snow will be invading the cabin in Tampere and by as soon as next weekend in Turku when the SKDL congress meets.

Aalto did not want to say anything about the nomination of candidates at the SKDL congress. On the other hand, he did have something to say about SKDL reform. The SKDL must be developed, but it must be preserved as a leftist political movement that is to be taken seriously, Aalto said.

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#### **Pekka Hynonen, New Chairman of Construction Workers**

36170087c Helsinki KANSAN UUTISET in Finnish  
4 Mar 88 p 7

[Text] The contract demands of the Union of Construction Workers are in effect around 9 percent or in other words slightly higher than those of the Metal Workers' Union.

According to Chairman Pekka Hynonen (SKDL), the demands are not too high, because they are based on estimates of inflation and on increases in productivity.

In fact, the construction employers seem to agree since they are concentrating their efforts at destroying the company-based system of shop stewards.

The employers have been rather silent about the workers' demands for higher pay. This is no surprise, as the productivity of construction industry has been very good in recent years.

In an interview with Ku (KANSAN UUTISET), however, Hynonen says that unless the employers become more reasonable, labor disputes cannot be avoided in the spring.

In the construction industry working overtime is already prohibited and strike warnings are to be expected any day now. Then negotiations would be started under the leadership of the government arbitrator.

[Question] The Union of Construction Workers has made rather tough demands. Was this because of profitable developments in construction companies?

[Answer] Our demands for higher pay were based on an expected inflation rate of about 5 percent for this year and on a 4 percent increase in national productivity, on the average. That's how we ended up with a figure of 9 percent.

But it is generally known that housing prices have gone up sharply. Of course, it has had a greater impact on the prices of older housing, for instance, in Helsinki, and in some other larger centers, but the price of new construction has also been affected. If prices continue to increase and when they in principle are not tied to real costs but rather to market conditions, more money is flowing in to the companies. According to financial statements, already in 1987 companies were doing better than two or three years ago.

These are real bases for the conclusion that the employer side has ability to pay.

[Question] A representative of the construction employers suggested a while ago that Hyvonen now must show his true colors as the new chairman and therefore demands for the next labor agreement might be tough.

[Answer] Of course, there is no truth to that. Our goals have been commonly established and I, as the president of the union, will work for my part to promote the issues that were jointly agreed upon.

[Question] The Union of Construction Workers has been labeled as the flagbearer of the Communists within the trade union movement, and it has sometimes been said that the union activities are being directed from the Kulttuuritalo [communist headquarters]?

[Answer] That is also a baseless [stereotyped] prejudice. Decision-making power in the union is in the hands of statutory bodies: the union convention, the union council, the union committee; the union board and committee are in charge of the everyday running of the union. That's where the decisions are being made and nowhere else. No one who really knows how decisions are made would make such a claim.

[Question] What does the union think of the influx of foreign construction companies into Finland? There have been demands that the construction of the opera house, among others, should be opened for international bids.

Our union does not simply take an official stand in this issue, neither in favor nor against. Some years ago we had here some Swedish companies. In principle, when our people work for them, their conditions of employment are the same as in domestic companies, and we request that equal contracts and legislation be adhered to. If they take good care of these matters, their foreign or domestic origins would be of secondary importance. In fact, competition even in this form could be healthy.

#### **'Nobody Has Been Fooled'**

[Question] One of your main demands is company-based shop stewards. The Confederation of Construction Industry argues that your demands are aimed at expanding the union organization and having the employers pay for it.

[Answer] That is truly a groundless argument. Our point of departure is simply that we want a realistic, well-functioning system of shop stewards in the construction field. A system that functions as well as the industrial shop steward systems, for example. This is the only issue, and neither factory nor company-based shop-stewards are any union functionaries.

[Question] According to the Confederation of Construction Industry, you have succeeded, in this matter, in fooling some white-collar local unions.

[Answer] Well, that is the employers' groundless propaganda. Both the Confederation of Master Builders and Building Engineers and their representatives were well aware of what was going on. When the issue is a thoroughly reasonable and well-founded one, they, as sensible people and as sensible confederation representatives, must understand this to be a good thing. There is no fooling.

[Question] Did the construction employers' attitude surprise you? They rarely discuss money, but emphasize instead their opposition to the company-based shop-steward system.

[Answer] It did not surprise me, but one would have hoped that they would have awakened to today's reality and taken an objective look at the issues and worked for solutions based on it.

#### **Avoiding the Fluctuating Workweek Was an Achievement**

[Question] In the SAK (the Central Organization of Finnish Trade Unions) construction workers have always supported a centralized contract for as long as possible. But is it not fair to say that the construction workers will, in principle, always sign union-specific contracts due to the nature of the industry.

[Answer] With respect to this matter, in the last few rounds of wage negotiations we have participated consecutively in central contracts. Of course, every union will have to negotiate its own contracts, because a centralized agreement is not a labor contract as such. The one between employer and worker organizations is the real thing.

The centralized contract in some way becomes the general framework, and the progress it represents will also benefit the individual unions. Let's think about the round of discussions in 1986, in which we achieved a shorter work-week with no fluctuation in that. It was not a small achievement.

Industry-specific problems are a chapter by themselves, and must be negotiated between the unions. The central organizations will not, and cannot, solve them.

[Question] The program of the construction workers emphasizes raises in the lowest wages. Is this connected with the women's wages solution that Aarno Aitamurto presented to the SAK's council. After all, within the construction industry, women working in cleaning crews, for example, have the lowest wages of all.

[Answer] The logic is the same. Emphasis on wage scales will benefit more those who are earning the least at the moment. It is a known fact that in housing construction, for example, women are mainly doing cleaning jobs. Obviously, greater pay raises would benefit them.

### SAK Gave Up Too Easily

[Question] Do you think that the SAK agreed to discard the centralized solution too easily?

[Answer] Yes. I think they should have been more assertive and held the reins more tightly, to force the employers' to change their stand. I cannot still believe that we would not have had a chance of getting a centralized agreement, if we had really wanted to. Of course, it would have required some action, instead of just talk.

[Question] Does the recently publicized cooperation between unions work well within the SAK?

[Answer] Yes, we have had discussions and we aim at some coordination in the matter.

[Question] In recent years, quite a few construction projects in the Soviet Union have been frozen because of balance of trade problems. What is your opinion about Sorsa's proposal, among others, to use international currencies in some part of Soviet-Finnish trade.

[Answer] During 1987 and 1988 that trade has expanded. There are more construction sites and the number of workers has also increased. This is positive progress, even if the licensing office has postponed the beginning of work at some sites. Without problems in the balance of trade, the growth would be clearly faster.

Introduction of hard currencies here could be a kind of medicine, but I believe that the bilateral [Soviet-Finnish] trade is the basis of our foreign trade. In my opinion it is not a question of principles, but rather a matter which we could agree upon together with the Soviets, to find a sector in which hard currencies could be used.

[Question] But what are your expectations in the near future? Will it be a spring of fighting?

[Answer] If I were allowed a wish, I would wish that the employers were reasonable, realistic, and objective. If this were the case, we would have some chance of getting agreements without unnecessary delays and without too much damage. But if they keep stepping in the old tracks,

repeating old lines, and nursing old dreams and fears—particularly those that the employers see in the question of shop stewards—then we will surely have a spring of fighting.

### Confederation of Construction Industry Upset With Workers' Front

The Confederation of Construction Industry is upset with the joint position of the workers' unions within the industry. They regard the creation of a company-based shop-steward system, which the construction workers are pushing, as common interest.

According to the employers' organization, the construction workers "have misled even some of the salaried-construction-employee unions into supporting its demands for company-based shop stewards."

This is in reference to the press conference held two Mondays ago at which the Union of Technical Construction Employees of the Confederation of Technical Employee Organizations (STTK) and the Union of Engineers of the Central Organization of Professional Associations (AKAVA), representing building engineers and architects, stated their support for the construction workers' demands.

Managing Director Matti Loukola of the Confederation of Construction Industry argues in a paper, which he made public, that the construction workers' proposal would mean bypassing the present superiors.

According to Chairman Pekka Hynonen of the Construction Workers Union, a statement like that could give salaried employees and superiors a negative picture of the matter.

According to the construction workers, their goal is to improve the present system of trade negotiations to give shop stewards the continuity they desperately need. Lack or change of a shop steward is not in the interest of either party.

According to Loukola, the entire purpose is to expand the network of the construction workers' functionaries and making the employers pay for it.

Contrary to Director Loukola's suspicions, our main goal is to develop cooperation in construction companies. We consider the reference to expansion of functionary organization as impertinent, since the union will pay the salaries of its workers even from here on.

The company workers themselves would erect their shop steward in an election. The steward's authority would be limited to within the company.

Loukola argues that, at present, in the entire labor market, the network of shop stewards is densest in the construction industry. The construction workers reject



this argument by pointing out that Loukola is forgetting the departmental shop steward system that exists in other industries. When they are included, the numbers look totally different.

The organizations will not overlap, because the construction workers are looking for a company-based negotiation level, as it already exists in other organizations. In addition, they propose giving up the current system of shop stewards by trade category, as well as the shop stewards at construction sites.

The right of a shop steward to be informed, among others, about the wages of company workers, is not essentially different from the one in the current contract concerning shop stewards. Therefore, Loukola's arguments about endangering the workers' right to privacy are regarded mostly as "a joke" by the construction workers.

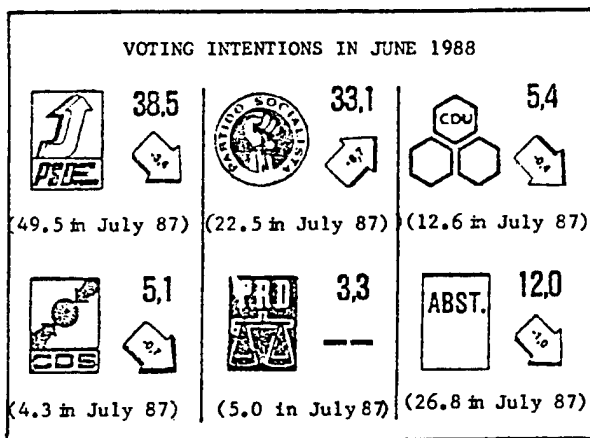
Loukola calculates that the number of company-based full-time shop stewards would rise up to almost 50. Such a figure is a surprise to the construction workers, whose estimate of 10-20 is based on the year book of the Confederation of Construction Industry.

13439/08309

## PORTUGAL

### Poll Shows Gap Between PSD, PS Narrowing 35420101 Lisbon EXPRESSO in Portuguese 18 Jun 88 pp 1, 6

[Excerpts] The Socialist Party, PS, has risen to 33.1 percent in terms of the number of people who intend to vote for it and this has cut the distance that separates it from the Social Democratic Party, PSD, to less than 6 points, thanks to the latter's simultaneous decline to 38.5 percent. These developments were revealed by the June survey of the EXPRESSO/Euroexpansao sample.



This unexpected rise of the socialists (who gained 6.7 percent over the previous month), coupled with the first decline of the PSD below the 40 percent level since 19 July 1987, has significantly altered the picture which the polls had been portraying for several months. No opposition party had been capitalizing on the electorate's visible dissatisfaction with the PSD. Now, however, the PS emerges as the principal beneficiary of that trend and this reinforces the developing bipolarization of Portuguese political life. The new relationship among forces threatens the role—clearly hegemonic until now—of Cavaco Silva's party.

Note that in the charts on popularity of individual political leaders, Vitor Constancio does not accompany this rise; he maintains his position as the most prestigious opposition leader, albeit with a rather modest rating.

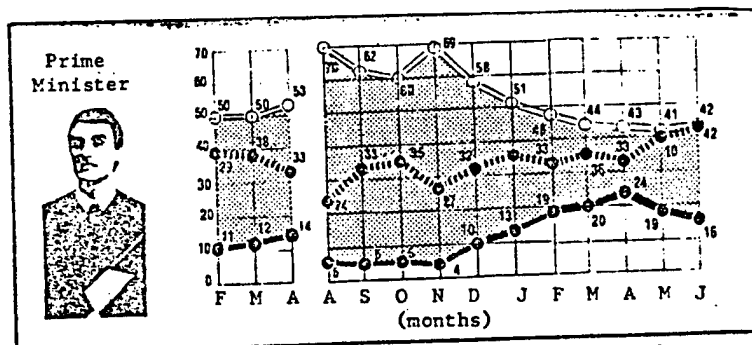
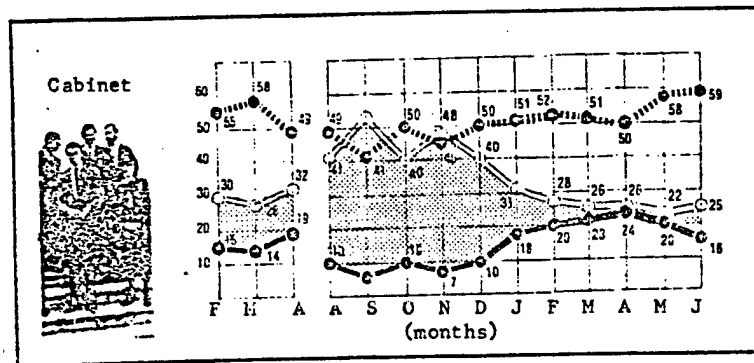
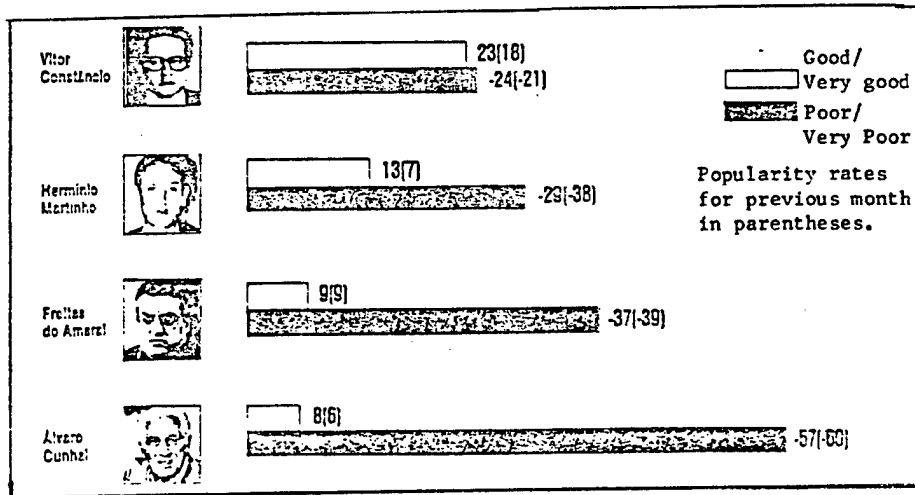
This important rise of the PS to 33.1 percent and the simultaneous decline of the PSD to below 40 percent, reducing to less than 6 points the difference between the two, is certainly the most interesting result of the June survey of the EXPRESSO/Euroexpansao sample.

This picture of voting intentions indicates a renewed trend toward bipolarization in Portuguese politics. It also means that Cavaco Silva's party has dropped back to electoral indices that would not enable it to have an absolute majority of congressmen in the Assembly. In fact, with this 38.5 percent, the PSD appears, for the first time since a year ago, to be far from the minimum level that would give it the absolute majority. The decrease in the number of people intending to vote for it—a trend that the social democrats had seemed to have managed to halt in recent months—regained momentum and even broke the threshold of 40 percent.

And this trend becomes of even greater concern to the PSD because—also for the first time—the opposition, specifically the PS which had not seemed to be able to capitalize on the dissatisfaction of PSD voters, now emerges with enough potential votes to threaten the dominance of Cavaco Silva's party. A review of the shifts in voting confirms, by the way, that the PSD has lost voters to the PS, to "abstentions," and to "other parties." It made gains only in PRD terrain.

### The Administration Recovers

Meanwhile, the principal leaders and agencies in the cabinet show a slight overall improvement, but without noticeable changes in their ratings. The solid white line in the line graphs indicates the number who rated their performance as "good or very good"; the broken line indicates those who found it "so-so"; and the solid black line indicates "poor or very poor."



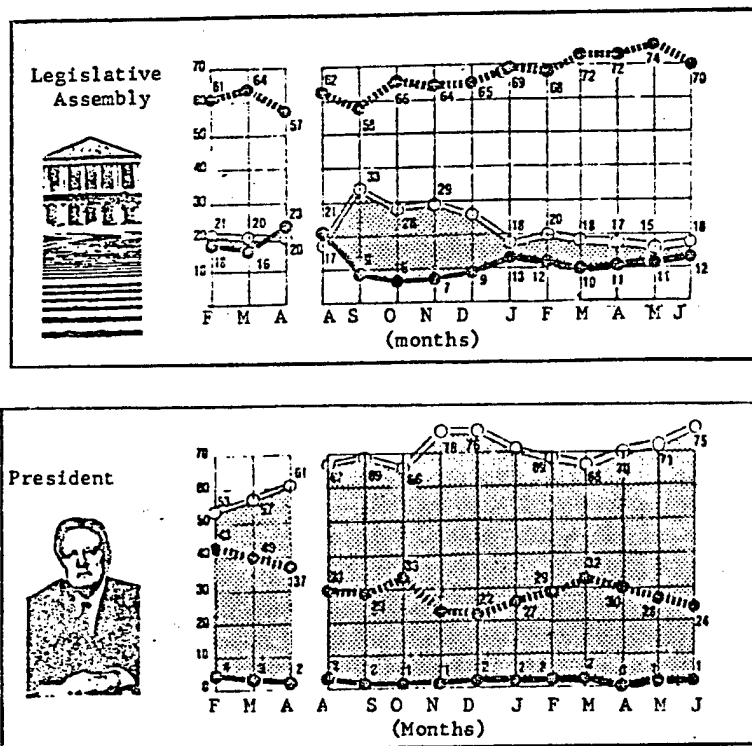
The prime minister remains a little above 40 percent, with the same number of positive and indifferent opinions, and his administration has regained some points, obtaining a favorable margin of 9 points (25 percent less 16 percent). Even the legislature, with a 6-point margin, has a less negative image than it did in May.

However, the figure of the President of the Republic still stands alone, unchallenged in his unprecedented popularity. Mario Soares has reached 75 percent popularity, the point at which he stood at the end of 1987, without prompting the

emergence of any critical voices. (Only 1 percent had an unfavorable opinion of his performance.)

#### Martinho Overtakes Freitas do Amaral

Vitor Constancio, for his part, retains first place among the opposition leaders but does not share in the rise recorded for his party this month. The PS secretary general even received more unfavorable reviews (24 percent) than favorable ones (23 percent) and is now 10 points below the PS.



Note the little surge in Herminio Martinho's ratings, almost double those of the previous month and overtaking Freitas do Amaral. The PRD president is now the second most popular leader of the opposition, which probably has something to do with his recent sanctioning at the convention of the renewalists. There were no changes in the position of the CDS leader or of Alvaro Cunhal, whose images are clearly negative.

#### Technical Data

This poll was taken by telephone on 14 and 15 June. The universe is the voters in Continental Portugal. The sample ranged between 500 and 550 individuals and includes about 270 sampling points. The universe had been stratified by region, residence, sex, age, educational level, and voting record.

12830

## SPAIN

### Poll Ranks Popularity of Political Parties, Figures

#### Gonzalez Recovery, Guerra Loss

35480100 Madrid DIARIO 16 in Spanish  
27 Jun 88 pp 8-9

[First paragraph is introduction]

[Text] The highly publicized Mystere incident involving Alfonso Guerra, seems to have been forgotten by the public, because the Socialist Party has regained the percentage of voting intentions that it lost in April after the scandal. Guerra, however, has not recovered his

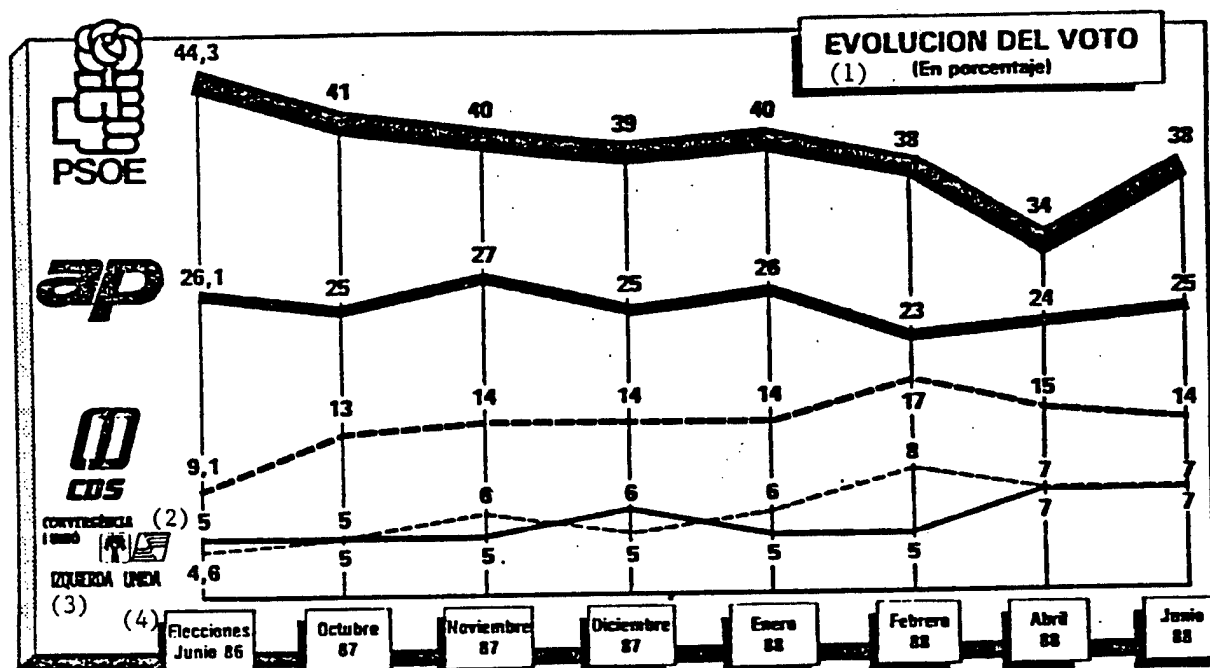
status, currently holding eighth place in the popularity rating. Meanwhile, the opposition retains its standings without any appreciable variation.

Madrid—The Spanish Socialist Workers Party (PSOE) has managed to stop the downward trend in its electoral expectations, and has recovered 4 percentage points in its quota of the vote, which stands at 38 percent this month.

This is the most preeminent information from the monthly opinion poll on voting intentions taken by Emopublica and Associates, commissioned by D-16.

At the same time, Felipe Gonzalez received his best personal results in the popularity rating, while Alfonso Guerra, considered the main cause of the crisis that PSOE has experienced, continued to decline in his standings.

Obtaining 38 percent of the weighted voting intention, PSOE regained the level that it showed before the incident of the Mystere, featuring Alfonso Guerra (when, upon returning from vacation, he requested the official airplane from Madrid after some Spaniards had prevented him from preceding the line to cross the Portuguese border), and the news of alleged influence peddling at Costa Donana, which appeared in the Andalusian Parliament.



Key: 1. Evolution of the Vote (in percentage); 2. Convergence and Unity:  
3. United Left.

PSOE was showing a constant downward trend, accelerated by the Mystere crisis, but has recovered this month. CDS, for its part, was progressing upward, but since February, when it reached its highest point, it has declined, again moving away from the level at which the government party has stood. AP shows an extraordinary stability, while United Left and Convergence and Unity repeat good results. The opposition forces as a whole exceed PSOE (unlike what occurred in the elections), but the government party continues to appear very strong.

Overlooking the April poll, 38 percent is the worst result obtained by the Socialist Party in the voting intention polls since the June 1986 elections, and means that its electoral quota currently stands 6 points below that obtained then.

Necessarily implicated in PSOE's recovery is not only the "pacification" of the political situation, from which the controversy over Guerra and the scandal in the south have disappeared, but also the positive role played by Partit dels Socialistes de Catalunya [Socialist Party of Catalonia] (PSC-PSOE) in the elections for the Generalitat [Catalonian Parliament].

Along with the Socialist Party's recovery, the Emopublica poll shows a stagnation in the opposition. Popular Alliance (AP) gained 1 percentage point lost by the Social Democratic Center (CDS); while United Left (IU) and Convergence and Unity (CiU) retained their high quotas of 7 percent.

#### AP Stability

AP shows a surprising stability up to a certain point, if one considers the frequent news about its internal crisis;

while CDS has not yet taken off. The percentage given it by Emopublica's weighted vote is very far removed from its record during February (17 percent). This June, CDS has returned to the level that it reached at the end of last year and the beginning of this (14 percent).

Table 1 (direct voting intention) shows the extent to which the picture drawn by the Emopublica poll resembles that of last January. In fact, there is every indication that the upheaval in April has ended, and there have been no major consequences.

Ultimately, the impulse between government and opposition is not clearly inclined toward either of the two sides. The opposition parties (including right, center, and left) have 53 percent of the votes, 8 percent more than in June 1986, but exactly the same as 4 months ago, before the political incidents that caused so much of an upset.

Nevertheless, the right of center opposition still clearly surpasses the government party. AP, CDS, and CiU have 46 percent of the vote (they received 40.2 percent in June 1986), thus exceeding PSOE by 8 percentage points. The

Table 1. Direct Voting Intention

Supposing the general parliamentary elections were held tomorrow, for which party would you most likely vote?

	Total	Abril 88	Feb.-88	Ene.-88
Alianza Popular (AP) .....	13,5	11,4	10,0	12,2
Centro Democrático y Social (CDS) ..	9,6	12,9	13,6	9,6
P. Socialista Obrero Español (PSOE) ..	29,7	23,8	30,0	29,2
Izquierda Unida (IU) .....	3,8	6,9	2,9	4,3
No votará (1) .....	10,5	18,1	—	—
Votará en blanco (2) .....	3,2	3,6	—	—
NS/NC (3) .....	21,6	13,4	—	—

Table 2. Sympathy Index

Supposing the general parliamentary elections were held tomorrow, which parties would have a chance of being voted for by you?

voted for by you?	Total	Sexo (%)		(4) Edad (%)			(7)
		Hombre (5)	Mujer (6)	18-30	31-45	46-60	Más de 60
AP .....	16,6	17,6	15,5	15,2	10,9	18,6	23,1
CDS .....	14,8	16,6	13,1	11,0	21,4	14,8	10,7
PSOE .....	32,2	33,9	30,7	31,6	33,9	31,4	32,5
IU .....	5,8	7,1	4,7	9,9	7,4	4,1	6

Table 3. Rejection Index

Supposing the general parliamentary elections were held tomorrow, for which parties would you not vote by any means?

	Total	Sexo (%)		(4) Edad (%)			(7)
		Hombre (5)	Mujer (6)	18-30	31-45	46-60	Más de 60
AP .....	25,9	26,6	25,3	33,8	30,4	19,5	19,5
CDS .....	2,1	1,8	2,4	2,7	1,9	2,7	6
PSOE .....	12,5	14,4	10,7	13,3	14,8	13,0	6,5
Izquierda Unida (IU) ..	20,7	17,6	23,6	18,3	17,5	19,8	31,4

Key: 1. Will not vote; 2. Will vote blank;  
3. Don't know/no answer; 4. Age; 5. Men;  
6. Women; 7. Over 60

Emopublica poll confirms the fact that a right of center electoral coalition would currently unseat the Socialist Party in the central government.

PSOE's recovery may also be noted in Tables 2 and 3. The government party receives the highest index of sympathy, and the second lowest index of rejection. CDS

# Popularity Rating

Grading of the political leaders from 1 to 10

	Junio 88	Abril 88	Feb. 88 (*)	Ener.-88	Dic.-87	Nov./87	Oct.-87
Felipe González .....	6,28	5,21	5,76	6,11	5,98	6,03	5,93
Adolfo Suárez .....	5,73	5,22	6,08	5,67	5,98	5,91	5,84
Manuel Fraga .....	5,15	4,42		4,52	4,78	4,64	4,66
Jordi Pujol .....	4,78	3,36		4,04	4,26	4,13	4,54
Julio Anguita (**)	4,48						
J. Antonio Ardanza .....	4,45	4,29		4,32	4,23	4,27	4,14
Javier Rupérez (**)	4,32						
Alfonso Guerra .....	4,20	3,72		4,70	4,50	4,60	4,61
A. Hernández Mancha .....	4,17	3,68		4,04	4,33	4,17	4,25
Carlos Garaicoechea .....	3,86	3,64		3,82	3,84	3,91	3,86

(\*) On this occasion, the poll was taken after the parliamentary debate on the state of the nation, and relates only to the first two leaders.  
(\*\*) Included in the rating for the first time.

is the party evoking the least rejection among the electorate, but it is surpassed by AP in the sympathy index. Based on this, the great expectations of growth shown on previous occasions by Adolfo Suarez' party seem to have undergone a curtailment.

## Leaders' Popularity

The improvement gained by PSOE has been accompanied by a heightening in the popularity of its leader, Felipe Gonzalez, who recovered first place in the rating, given to the CDS president, Adolfo Suarez, in the last two polls.

On this occasion, Gonzalez even received a record score (6.28 percent), exceeding by over half a point that attained by Suarez (5.73), who has undergone a slight setback in comparison with his scores last year and this past February.

The politician making the most notable progress in popular acceptance is Manuel Fraga, who had never crossed the border of 5 points (exceeded only by Gonzalez and Suarez). With 5.15 points, the rightist leader has consolidated his third place in the rating, which Vice Prime Minister Guerra took from him just once.

Fraga's progress makes more obvious the setback of his successor in the AP presidency, Antonio Hernandez Mancha, who now holds the next to last place in the rating, with 4.17 points. Nevertheless, this score is not inconsistent with those obtained by the AP president previously. His decline in the rating is due to an improvement in the standings of other politicians.

Jordi Pujol rose to fourth place, possibly benefiting from the repercussions of his victory in the Catalan elections; and Julio Anguita and Javier Ruperez, who appear in this rating for the first time, made their debut with appreciable results.

Anguita, secretary general of the Spanish Communist Party (PCE) received nearly a point more than his predecessor, Gerardo Iglesias; while Ruperez, president of Christian Democracy (DC), stands ahead of Hernandez Mancha at the outset.

The one who obviously dropped in the rating is Alfonso Guerra, vice minister of the government, who, just last Wednesday, described the reports relating to his loss of popularity as "neighborhood women's gossip."

Overlooking the April poll, taken through personal interviews in domiciles, which brought lower scores for all the leaders in general, Guerra has received his worst results, half a point lower than his highest popular "grade" (4.70 percent, last January), and has declined to eighth place in the rating. This information indicates that, while PSOE has surmounted a difficult crisis situation, the action of the one who was its main cause has not been forgotten by the public.

## Technical Record

Method: telephone interviews. Universe: Individuals, 18 years of age or older who have a telephone. Sample size: 1,027 interviews. Sampling error: + or - 3.12, with a confidence level of 95.5 percent, for proportions of 50 percent (P=Q). Scope: national (except Canaries). Date of field work: 20, 21, and 22 June 1988. Sample distribution: proportional by region and habitat. Selection of the individual: sex, age, and occupation quotas. Execution and tabulation: Emopublica y Asociados, S.A.

## Opposition Viewed as Nonthreatening

35480100 Madrid DIARIO 16 in Spanish 27 Jun 88 p 9

[Text] Two months sufficed for the PSOE government to recover the vote lost as a result of the Mystere scandal. It has been aware of the danger threatening it, and has applied itself to regain its image. However, its strategy

has not been anything spectacular; because it has not succeeded in ending the many problems posed daily, and, in fact, has been reduced to taking Vice Prime Minister Alfonso Guerra out of the limelight.

Now, according to the Emopublica poll, the government party has 38 percent of the vote; which means that it has increased by 12 percent the electoral quota that it had in April. Its progress has been remarkable, as was its decline 2 months ago. But just as the decline had an obvious, perceptible cause (Guerra's arrogant behavior at the Portuguese border, which influenced public opinion), its revival does not appear to be obviously due to its merits.

This significant incident is further evidence of the Spanish political imbalance, typified by the existence of a great ruling party and an opposition that has not yet found its strategy.

Popular Alliance is at a juncture that couldn't be better...for its competitors. Its internal differences, the debate over the leadership of Antonio Hernandez Mancha and the nostalgia for Manuel Fraga, which has spread through the party, are good news for PSOE. The rightist party has, nevertheless, been showing a faithful electorate, capable of putting up with annoying adversities. The electoral quota that it received in the Emopublica poll is similar to its results in June 1986. But it appears doomed not to grow. "Fraga's ceiling" is also that of "Hernandez Mancha."

And the Social Democratic Center is growing so slowly that it even retrogresses at times. The hopes aroused among its supporters by the February leap, when it was in a position of holding 17 percent of the vote, have now undergone a serious setback. Although the 14 percent quota attributed to it by Emopublica is considerably higher than its electoral harvest in June 1986, CDS is experiencing a slower than expected development.

At present, CDS' opportunities for expansion have been curtailed by its two flanks: It has neither eroded PSOE's power, making it fear the loss of the power that it has (there is still a gap of 24 points between them), nor taken sufficient votes from AP to predict the latter's imminent unseating as a second electoral force (the 6 points separating them in February have now returned to 11).

This poll indicates that the opposition has lost an opportunity to seriously erode the government party. Two months after the incident in Portugal, which marks the lowest point in the popularity of the government and its vice prime minister, it has been forgotten by the public. If the roles were reversed (UCD [Democratic Center Union] in the government, PSOE in the opposition, and Suarez' vice prime minister demanding an official airplane for private use), Gonzalez and Guerra would still be talking about it now, and stealing votes from the government party.

It appears as if the opposition's time has not yet arrived for Socialist Spain. The vote losses suffered by PSOE are due to failures and mistakes of the government and its members, not to the merits, persistence, or strategy of the opposition. Here, PSOE is the only one responsible for its ups and downs. So long as the opposition leaders (and primarily Suarez, the one with the most space ahead of him, and the one feared most by the government) fail to launch forth into the political fray, man to man, PSOE will be the absolute master of their destiny.

2909

## SWEDEN

### Finance Minister Defends Social Democrat Economic Policies

36500132a Stockholm DAGENS NYHETER in Swedish  
24 Jun 88 p 5

[Article by Kjell-Olof Feldt: "Sweden on Top Again! Sweden Again Has Stronger Public Finances Than the Rest of Europe"]

[Text] "Whatever comparisons one makes, Sweden's economy developed worse than those of the surrounding nations during the 6 years that the non-Socialists were in power and better than those of the surrounding nations during the years since then. I understand why the non-Socialists are trying so energetically to acquit themselves of the responsibility for their failures in their writings," finance Minister Kjell-Olof Feldt says.

DAGENS NYHETER'S editorial page on Saturday, 18 June, and Sven-Erik Larsson in DN Debatt on Sunday, 19 June 1988, repeated a cherished and dear non-Socialist thesis that I find it difficult to leave unchallenged at this time. Sven-Erik Larsson thinks that we can "leave comparisons between the 6 non-Socialist years and the subsequent Social Democratic years to the statistics." The differences that existed in international conditions explain the entire difference, he argues.

Certainly the international slump cast a shadow over Sweden during the years of non-Socialist government. And certainly a better economic situation has brightened up the years of Social Democratic government. But the essential question still remains after that has been said, and it is, "how well have the two different governments succeeded once proper consideration has been given to variations in the background situation?"

Not everything in politics can be subjected to endless debate. There are answers to be obtained to certain questions.

The market shares of Swedish businesses show how they are getting along on the international markets by comparison with their competitors. If their market shares decrease, that means that it is harder and harder for them to succeed in the competition, that they are being

supplanted by stronger competitors and that it is even getting harder to get the work done. Increased market shares show that competitive strength is improving.

During the period 1975-82, Sweden lost a little less than 1 percent of its markets. Between 1982 and 1988, on the other hand, Swedish businesses gained over 3 percent in their market shares. That indicates that Sweden's relative position worsened between 1976 and 1982 but improved between 1982 and 1988.

During the period 1976-82, industrial production in West European industries by a total of 4 percent. In Sweden, it fell by slightly more than 6 percent during the same period. Thus, the Swedish development was much weaker than the average in Europe.

During the years 1982-87 (there are no reliable figures for 1988 yet), industrial production in Europe increased by almost 12 percent, which was considerably better than during the foregoing period. But in Sweden the improvement was still much greater; in Sweden, industrial production rose by almost 20 percent!

Let us look at the labor market. There, as we all know, Sweden has almost always had lower unemployment than most of the other countries. In 1976, unemployment in Sweden was at 1.3 percent, while it was at 4.9 percent, on the average, in the countries of western Europe. During the ensuing 6 years, the situation in the labor market worsened both in Sweden and eastern Europe. In western Europe, unemployment almost doubled, so that it was 9.4 percent in 1982. The increase in Sweden was actually even faster; unemployment more than doubled, to 2.7 percent, but since the initial position in 1976 had been so good, unemployment continued to be low by comparison with the surrounding nations.

Since 1982 the following has happened. While unemployment in the surrounding countries continued to rise, so that it is expected to go up to 10.8 percent in western Europe this year, it has decreased in Sweden: it is expected to be 1.7 percent this year—that is, one-fifth of European unemployment. Thus, where employment is concerned, the Swedish lead in comparison with the surrounding countries has increased during the period spent under Social Democratic government.

The public sector's improved finances are still more striking from an international point of view. When Gunnar Strang turned over the helm to Bohman and Mundebo in 1976, Sweden's public finances were much stronger than in the surrounding countries. During the period 1987-82, public finances weakened both in Sweden and western Europe. But the downward drop went much faster in Sweden than in the rest of Europe. In western Europe, the deficit increased from 2.6 percent to 4.8 percent of the GNP—that is, by slightly more than

2 percent—but in Sweden public finances worsened more than five times as much—by more than 10 percent of the GNP. While we had had a surplus of 4.5 percent of the GNP in 1976, we had a deficit of a whole 6.3 percent of the GNP in 1982.

After the change of government in 1982, the public sector's finances improved sharply. This year it is estimated that the public sector will produce a surplus equal to 2.6 percent of the GNP. By that means, Sweden has again provided itself with stronger public finances than the rest of Europe, there, the public sector is expected to have a deficit equal to 3.7 percent of the GNP this year. To conclude this statement: a way of comparing various countries economic progress is to construct so-called misery indexes. The most usual way of doing that is to add unemployment, inflation, the trade balance deficit (as a percentage of the GNP) together. Then one gets an index that can be regarded as sort of measure of how 'problem-free' the country in question is in that area. The lower the total, the lesser the problem.

By that way of measuring, Sweden was in the best position of all western countries in 1976. In 1982, we had slipped down to eighth place. Last year we had worked our way back up again toward the top and reached second place; only Japan was ahead of us. Thus, a sharp worsening compared with the other countries between 1976 and 1982 and an almost identical sharp improvement thereafter. Naturally, objections can be raised to this type of comparison. One is combining 'apples' and 'pears.' An improvement of 1 percent in the budget is 'worth just as much' here as a 1-percent decrease in unemployment. Still it is perfectly obvious that Sweden, in spite of these reservations, shows itself, in this type of comprehensive comparison, to have developed worse than the other countries between 1976 and 1982 and better than the other countries thereafter....

I can understand why the non-Socialists will try to get the voters not to pay any attention to the foregoing. And the election in September certainly is concerned with policy for the coming 3 years and not with past time. But a position on the political alternatives can scarcely be arrived at while ignoring how the records of the candidates in previous periods of running the government look.

Apparently the non-Socialists also realize that since they are trying so hard now to acquit themselves of responsibility, in their writings, for their own shortcomings during the years when they had a chance to show what they were good for. Falsification of history is even more necessary when they are lacking a comprehensive policy with respect to the future on practically all the basic questions that Sweden's Government is going to have to deal with during the next 3 years."



## DENMARK

### SDP Defense Plan Attacked

36130080f Copenhagen *BERLINGSKE TIDENDE* in Danish 15 Jul 88 p 11

[Guest commentary by Arne Melchoir, chairman of the Center Democratic Party's Folketing Group and chairman of the Folketing Defense Committee]

[Text] Former Defense Minister Bernt Johan Collet had an article in *BERLINGSKE TIDENDE* on 8 July about his hopeless situation as defense minister. For historical reasons as well as in the interests of justice, Collet's article calls for two comments:

1. For a number of years there has been a so-called "11-man committee" with representatives of the parties which have stood behind the defense agreements. Collet writes about this special committee, "Actually the 11-man group has given a local anesthetic to the inner dynamism and creativity of the Armed Forces, and delayed or prevented the carrying out of a long list of modernization decisions."

This is the truth with modifications. The obstructions described were exclusively a result of actions by the Social Democratic members. It is therefore not fair that all the members of the 11-man committee should be blamed for them.

In addition, Defense Minister Bernt Johan Collet was during his time in office eager to retain this committee. I, among others, supported him in this. It is therefore not fair now to pillory this, in a number of respects appropriate, organ.

2. In his article Collet describes how he intended to procure more than 1 billion kroner to strengthen the operational side of the Armed Forces. On this subject he writes, "The idea of procuring this amount of capital through improvement of productivity was not presented to the compromise parties. The thought was that the Social Democrats would be pressed as far as possible, and thereafter the productivity idea would be put on the table."

If I were a Social Democrat I would be seriously angry about this description of the minister's own tactical plans. But also as a Center Democrat and chairman of the Folketing Defense Committee I am mildly angered.

In the first place nobody really believes that Hans Haekkerup and Co. would let themselves be deceived in this way. In the second place—to do them justice—the Social Democrats themselves are highly interested in rationalization [efficiency measures] and better resource utilization within the Defense Ministry. And in the third place it must be the most serious duty of a sitting

minister to ensure the most appropriate use of government funds—and not to wait until he can succeed in pressing more funds out of the opposition.

I find it necessary to point these things out in consideration of the trustworthy cooperation which will be needed in the coming months to attain a proper agreement on conditions in the Armed Forces. The laying bare of hopeless tactical maneuvers obviously is not suitable here.

9287

### Former Defense Minister, SDP Trade Charges on Defense Plan

36130080b Copenhagen *BERLINGSKE TIDENDE* in Danish 9 Jul 88 p 5

[Article by Carl Otto Brix: "Social Democrats Reject Charge They Tripped Up Defense"; first paragraph is *BERLINGSKE TIDENDE* introduction]

[Text] The Social Democratic Party [S] rejects the accusations made against the party by the former defense minister in yesterday's paper.

The Social Democratic Party flatly rejects the accusations of tripping up, which former Defense Minister Bernt Johan Collet (Conservative) aimed at the party in a feature article in *BERLINGSKE TIDENDE* yesterday.

Collet said in the article that the so-called "11-man committee" which consisted of representatives of the parties behind the defense compromise had "given a local anesthetic to defense's inner dynamics and creativity and had delayed and interfered with carrying out a long list of modernizations."

"That is totally wrong, to put it mildly," said Hans Haekkerup, Social Democratic chairman for defense policy and member of the "11-man committee." "It was the Social Democratic Party which put the rationalization plans [measures to realize savings through increased efficiency] on the table, and which declared itself willing to agree to a long list of modernizations and rationalizations [efficiency measures], but the minister would not budge an inch."

Collet also wrote that the idea of obtaining capital for defense by improvements in productivity was not presented to the Social Democrats during the negotiations for a new defense compromise. "The idea was that the Social Democrats would first be pressed as far as possible—and thereafter productivity would be placed on the table."

"Then how can one trust a minister who during negotiations keeps a plan hidden in a desk drawer," said Hans Haekkerup.

Hans Haekkerup believes that despite Collet's experiences with the committee there should be another organ which would follow developments in the Armed Forces. "If the Social Democratic Party is going to participate in a new compromise defense agreement that extends over several years, we also want to have some influence over how the compromise agreement is carried out," he said.

9287

**Chairman Appointed for Defense Commission**  
36130080d Copenhagen BERLINGSKE TIDENDE in  
Danish 13 Jul 88 p 3

[Article by Terkel Svensson: "Defense Commission Working Hard Until August"; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] Michael Christiansen, the head of a department in the Defense Ministry has been named chairman of the 23-member Defense Commission which Defense Minister Knud Enggaard (Liberal Party) appointed yesterday.

Before August this Defense Commission will get started on 1 and 1/2 half year's intensive work to investigate the Defense Ministry's condition.

Nine Folketing members are seated in the Commission. There are two from the Social Democratic Party and one from each of the seven other parties in the Folketing. The parties have not yet designated their representatives on the Defense Commission.

The Armed Forces have six experts on the Commission, while the defense minister has named seven other experts who were mostly drawn from outside the ranks of the Defense Ministry.

In autumn the KVR Government will come forth with a 3-year defense agreement, and the Defense Commission's analyses will form the basis for renegotiation of the defense budget for 1991, plus negotiation for a longer-lasting defense agreement. The Defense Commission will primarily consider changes in goals and organization of the Danish Armed Forces in both peace and wartime.

The framework for this effort is continued Danish membership in NATO, and the Commission will analyze developments in Danish security policy in the light of new progress in East-West disarmament and the continued work to investigate the possibilities of a nuclear weapon-free zone in the Nordic countries.

At the same time the Defense Commission, which has both the possibility of calling in other experts and issuing partial reports, is investigating possibilities of rationalizing [implementing efficiency measures] and revising priorities within the Armed Forces.

Also other areas such as burdensharing within NATO and development of weapons technology will come under the scrutiny of the Commission.

"Now it is a question of using all our efforts to create calm and a good climate towards the Armed Forces," said Defense Minister Knud Enggaard, who said he was satisfied to have established a broadly based, composite Defense Commission.

Knud Enggaard took the advice of the Social Democrats in working out the mission of the Defense Commission and in the establishment of the Commission itself. And Hans Haekkerup, defense spokesman for the Social Democratic Party, said that the defense minister had achieved a "reasonable result."

Besides the Defense Commission's chairman, Michael Christiansen, and the nine Folketing members who have not yet been named, the Commission will be composed of the following:

The six representatives of the Armed Forces will be Lt Gen B. E. Amled, who is chief of the Unitary Command and the armed operating forces; Lt Col M.H. Clemmensen, who is chief of the 1st Battalion at Bornholm's Defense; Rear Adm H. J. Garde, who is chief of the Naval Operations Command; Maj Gen Aa. Hojbjerg, who is chief of the Defense Intelligence Agency; Lt Gen J. Lyng, who is chief of the Defense Staff; and Col P. Smidt-Larsen, who is chief of staff of the Home Guard.

The seven special experts who have been named are Ambassador Otto R. Borck, who is Denmark's permanent representative to the NATO Council; Assistant Professor Mary Dau, who is a member of the SNU chairmanship; Major J. J. Graabaek from the Defense Minister's Advisory and Analysis Group; Director V. M. Gyntelberg, who is chairman of the above group and chief of the Defense Research Service; Director Knud Heinesen of Copenhagen Airport, who is a renowned rationalization expert; Assistant Professor Bertel Heurlin, who is a security policy expert at Copenhagen University; and Office Manager P. Poulsen-Hansen from the Foreign Ministry.

9287

**Paper Comments on General Galvin's Critical Comments**  
36130080c Copenhagen BERLINGSKE TIDENDE in  
Danish 10 Jul 88 p 10

[Text] Attention being paid abroad to Denmark's security policy situation continues to grow, even though the immediate drama surrounding the Folketing vote is gone with the Government's wording and the subsequent clarification of Denmark's nuclear weapons policy. This intense interest in us from both allies and others is mainly due to the tendencies disclosed by developments drawing Denmark away from a position as a full and

loyal NATO partner. The government's clever method of handling the situation eliminated the nervous votes and the concern which was present in the capitals of the most important NATO countries.

But Denmark is not thereby removed from the list of NATO countries which owe the alliance a little greater enthusiasm and somewhat greater involvement. The Four-Party Government has also repeatedly pointed out that an increase in the defense budget is necessary. For a number of years a total of 800 million kroner more should have been appropriated in fixed prices. There were solid and real calculations behind this estimate, and the demands of reality were not changed when Denmark got a new government. However, it has become the lot of the KVR Government to live with a zero rise in the defense budget this year and temporarily also for 1989. The political climate and the possibilities it creates do not always reflect real needs.

Therefore it can surprise nobody that NATO's supreme commander, General Galvin expressed concern in today's newspaper over the Danish defense contribution. Especially at a time when a marked reduction of the world's nuclear weapons is taking place, a sharp eye on the condition of the conventional forces is required. As greater weight is placed on a conventional defense capability, the demand increases on their capacity and reliability.

While Denmark waits for a political climate which will fit the needs of our security interests, one can see the possibilities that a more effective utilization of the existing defense budget must contain. If former Defense Minister Bernt Johan Collet is correct in only some of the points he made in his article in *BERLINGSKE TIDENDE* on Friday, there is a considerable amount of money to be had. But here also it is obviously the political will which is lacking. Collet is undoubtedly correct in that the so-called "11-man committee," which has lain like a political-administrative blanket over the ministry's natural functions, has become a rather large drag.

There is nothing wrong in having a special committee follow up on the compromise that a number of parties have agreed to, but the minister's principal authority need not be diminished on that basis. If half-empty barracks are retained for local political reasons alone, and if activity is maintained at a shipyard for much the same reasons, the time has perhaps come when locked-up resources which are available should be used even more efficiently than before.

### Army Major: Spending Freeze Threatens Basic Structure

36130080e Copenhagen *BERLINGSKE TIDENDE* in Danish 15 Jul 88 p 11

[Guest Commentary by Major Johannes Lollesgaard, Funen Life Guard Regiment, Odense: "The Army's Life Blood Is in Danger"]

[Text] Immediately before the Folketing went on summer vacation the Government was called upon by a Folketing majority to present a proposal for solving the current problems of the Armed Forces by the end of October at the latest. On that occasion former Defense Minister Bernt Johan Collet, in an article in *BERLINGSKE TIDENDE* on 8 July, addressed the possibilities of achieving savings in the defense budget.

Collet opened his article by apologizing that he had not especially distinguished himself during his 9 months as minister. As a member of the Armed Forces I can easily agree with that, as we usually felt let down by our highest political leaders. In my training I have always been taught that personnel is the most important resource of the Armed Forces, and it is important that all who participate in the leadership of a large system exercise visible leadership, which one must admit was lacking from Collet.

Collet mentions areas in which he believes that cutbacks and rationalizing [efficiency measures] can achieve savings for the Armed Forces so that the very great needs for increased material and personnel can be met.

I will be content with mentioning two areas in which the Army is an especially heavy consumer of resources: (1) Expenses for conscripts and (2) overcapacity of barracks.

It is known that we have the world's highest pay for conscripts, and therefore it is clear that it is one area that will have to be looked at in connection with a coming defense agreement. Collet recommends that conscript pay be cut by 10 percent immediately, and thereafter be frozen at that level for a period of time. At that recommendation I can only shake my head and perhaps remark teasingly: When did we last see wages for our employees cut? I cannot immediately recall a previous occasion, but I can remember that the Progressive Party has recommended several times in the Folketing that the pay for members be reduced, but they were merely met with derisive laughter and voted down.

No, we must go another way!

Let the conscripts be tax free, with a monthly wage of about 5,000 kroner (that is how much the conscripts get after taxes are deducted). Instead of paying for their food in the cafeteria, let them have free food, with the cost of the food being taken from their pay. This last recommendation also includes that the Armed Forces provide reasonable assurance that the conscripts will have a

sound diet, and that the defense cafeteria system will be profitable. At the moment the system operates at a deficit of about 50 million kroner per year.

Another area which consumes large amounts of resources is the conscripts' free travel regulation. It seems unreasonable that a conscript, who has a reasonable wage in comparison with, for example, a young person who studies in addition to a wage, has a right to free travel by train or bus.

Collet openly desires that things now be cut to the bone, as an admiral previously expressed it. Perhaps that is necessary in certain areas, but one must be sure that the cuts are not so deep that the Army's "life blood" is cut off. The life blood is the very close relationship between the provincial barracks and the population, which is largely responsible for the strong feeling that the Danish people have toward their Armed Forces. Care should also be taken not to interfere with the connections between the provincial regiment, the Home Guard and the other authorities in the Total Defense. It is necessary that there be tight liaison in these areas, otherwise the Armed Forces will not be able to function in a war situation, and that is what it is all about.

If a provincial regiment is removed one can be apprehensive that defense willingness will die in that part of Denmark; one must remember that a defense only has meaning if it is backed up by the people, and it will only have that if the people frequently see and have contact with the forces in the area.

Collet says that the defense leadership has apparently worked out several proposals for efficiency measures, and it is also their job as experts to do that. Now it is up to the politicians to get the proposals approved and carried out. The proposals which they believe can be accepted by the population. I believe that is a good and reassuring system. The people who by tradition have the greatest amount of contact with the public which they represent on issues should also make the decisions about those issues. Otherwise it will turn out that we get despotism brought in by the back door.

In conclusion, I appeal to the politicians once more to be discreet before making such profound decisions as called for by Collet. If the Army's "life blood" is cut it will be irreparable, and there will be a great risk that the willingness for defense will be weakened in the provinces. It should be a principle in the buildup of the future Armed Forces that there be a minimum of a garrison in every province or region. Only by this means is there a certain assurance that in a serious situation the population will be willing to make the necessary sacrifices. They will, when they have knowledge of the Armed Forces in their daily lives, and thereby the necessary confidence in those forces.

## Defense Budget Discussed, Compromise Expected

### Melchior Voices Concern

36130073 Copenhagen *BERLINGSKE TIDENDE* in Danish 14 Jun 88 p 12

[Article by Arne Melchior, chairman of the Folketing Group of the Center Democrats: "A Tragic Defense Policy"]

[Text] In the TV crossfire with Prime Minister Schluter on 7 June, the journalists quite naturally asked thorough questions on the shift that has occurred in the foreign policy objectives of the Conservative Party and the Liberal Party. Thus part of the cost of the formation of government.

It was pointed out to Prime Minister Schluter that he has now abandoned the demand for an increase in the defense budget. He answered (in an admirably calm tone!) that there is, in any case, no majority for increased budgetary grants.

That is right. However, the journalists failed to point out to him that it is actually only a question of lacking a single mandate. The election thus placed the majority almost within reach.

During the government period of the Four-Leaf-Clover coalition and during the election campaign, Schluter and Ellemann-Jensen did not fail to point out—with the rest of us—that the defense budgets are in class apart, meaning that the security of the country is the very prerequisite for a continuation of the other security efforts on the part of the society.

This quite obvious viewpoint has thus been shelved now. That is tragic. For it is still an undeniable fact that the force levels of the Danish Armed Forces both in numbers and equipment are quite inadequate. We do not meet our NATO commitments, we have reduced our preparedness to dangerously low levels, and we disregard directly our obligations toward the permanent and drafted forces of all of the services.

The reference made by Prime Minister Schluter to the lack of a majority cannot relieve him, nor his party, nor the Liberal Party of the fact that there is a difference between allowing oneself to be voted down and voluntarily abandoning the demands that one has hitherto regarded as absolutely necessary.

It will now have to be the task of the two big coalition parties to exert pressure in every way on the Radical Liberal Party to make it realize that the superior necessity of the Armed Forces will have to be considered.

The defense policy realities have not been changed by the election. Together with Poland and East Germany, the Soviets have, for a number of years, been increasing

their attack potential aimed at the Scandinavian countries. This applies to airfields and fighters, and it applies not least to the fleet of landing crafts aimed directly at our territory.

In order for the Danish Armed Forces to continue to fulfill their purpose, namely to eliminate any idea of attack, they will have to have realistic force levels. The Center Democrats will not yield for a second on this issue.

It is a good thing—indeed, it is necessary—to be willing to make compromises. However, there can be no compromise when it comes to the lock to our door and the assurance of our peace and freedom.

### **Proposes Compromise**

36130073 *Copenhagen BERLINGSKE TIDENDE in Danish 22 Jun 88 p 4*

[Article by Terkel Svensson: "Melchior: Prospect of Defense Compromise"]

[Text] "The Conservative, Liberal, Radical Liberal coalition and the opposition have the possibility of agreeing on a compromise which may remove the deadlock in the negotiations on the government's defense policy. This is the expectation of Arne Melchior (Center Democrats), Chairman of the defense committee of the Folketing.

He says that the government will have to make concessions to the opposition and that it may, on the other hand, become necessary to "rework" a controversial Social Democratic draft resolution, which, with the support of, among others, the Center Democrats, obtained a majority vote at its first reading in the Folketing last week.

In its present form, the draft resolution asks the government to submit a 4-year defense budget proposal by the end of October of this year.

The government parties have resisted, because they want a defense committee to be set up. It will have to work fast in order to come up with proposals next summer which will form the basis for decisions governing the fiscal year 1990.

According to Arne Melchior, the compromise may be to the effect that, by the summer recess of the Folketing, a defense committee will be set up to safeguard the longer-term problems of the Armed Forces, and that the government, in the autumn, will present a defense budget proposal to some extent.

"It is my expectation that the six parties supporting the Armed Forces, together with the Radical Liberal Party, will reach an agreement in the course of the next few

days," says Arne Melchior. "The move on the part of the government in the autumn may comprise anything, right from a number of minor proposals to a finalized defense agreement."

A scheduled meeting of the defense committee of the Folketing was yesterday called f and postponed—officially because several questions asked within the committee have not yet been answered.

### **Zero-Solution From 1990**

36130073 *Copenhagen BERLINGSKE TIDENDE in Danish 23 Jun 88 p 2*

[Article by Terkel Svensson: "Government Forced Into an Early Defense Plan"]

[Text] Nonsocialist sources now fear a zero solution for the Armed Forces till the end of 1990. The reason is the likelihood of a broad political agreement on an extension of the working period of the defense committee.

In less than 4 months—by 15 October 1988—Defense Minister Knud Enggaard (Liberal Party) will have to present a proposal for a defense agreement to remain in effect till the end of 1991. At the same time, a defense committee will be set up which will now be given an additional 18 months to examine the situation of the Armed Forces, an extension not hitherto envisioned by the Conservative, Liberal, Radical Liberal coalition.

With the extension of the time limit of the defense committee, several nonsocialist sources fear that the government will now have to accept a zero solution right till the end of 1990. So far the government has accepted a zero solution till the end of 1989, when the conclusions of the defense committee were expected to be ready.

The government originally wanted the defense committee, which will be in charge of the longer-term frameworks, to complete its work by next summer, but the committee will now only have to be ready by the end of 1990.

The solution to the dispute on the defense budget, which erupted when the Social Democratic Party presented a draft resolution to force the government to present its defense policy program, is likely to gather a very broad political backing.

Only the Socialist People's Party has not yet decided whether it will be able to support a new formulation of the draft resolution, which the seven other parties in the Folketing are expected to support.

To prevent the government from merely presenting "an essay" on the Armed Forces, the Social Democratic Party, the Center Democrats, and the Christian People's Party have formulated a detailed description of the plan that the government is expected to submit in October.

Yesterday the government sought to persuade the Center Democrats, among others, to accept a more vague formulation to the effect that the government's move "will form the basis for a defense agreement" to remain in force till the end of 1991.

07262

**Country's NATO Representative Discusses Budget Problems**

36130080a Copenhagen BERLINGSKE TIDENDE in Danish 6 Jul 88 p 5

[Interview with Vice Admiral Jorgen F. Bork, Danish Navy, Denmark's permanent military representative at NATO headquarters, by correspondent Nils Eric Boesgaard: "Admiral Bork: Defense Department Must Cut to the Bone"; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] "We must cut to the bone when we restructure to obtain increased efficiency," said Vice Admiral Jorgen F. Bork, who believes that the Defense Ministry can obtain needed funds by closing unnecessary garrisons and naval bases.

"The Defense Ministry must rise above petty local political considerations and close unnecessary garrisons and naval bases if we are to succeed in maintaining an effective defense in case of a zero solution," said Bork against the background of the Government's defense policy compromise with a majority of the parties in the Folketing.

The former chief of naval operations is Denmark's new permanent military representative to NATO headquarters where, due to his daily work in military committees, he gets a firsthand impression of the allies' attitude toward Denmark.

"There is no doubt in my mind that it came as a relief to our NATO allies that Denmark returned to the fold with the interpretation of the nuclear weapons resolution which we ended up with. It was a serious and very worrisome situation which we had before," said the vice admiral during a conversation with BERLINGSKE TIDENDE.

[Question] What do people in NATO think of the prospects for a zero solution?

[Answer] "When the joy over the reaction of the Government's majority has settled down, our allies will rapidly realize that they must live with a zero solution, which cannot avoid having a negative impact on the effectiveness of Danish Armed Forces," said Bork.

"There can be no doubt about the consequences. This has been emphasized many times here at home. The chief of the Armed Forces and the Defense Command

have officially stated it in connection with the negotiations on the defense compromise during the past year. It will mean an undermining of our preparedness and our ability to contribute.

"It will undoubtedly cause concern among my colleagues on the NATO Military Committee, and it will influence the deliberations which are always going on about reinforcements to our area."

[Question] How will the Folketing defense agreement influence the effectiveness of the Armed Forces?

[Answer] "It does not specifically mention any economic framework for the Armed Forces. Depending on whether or not one is a born optimist, one can hope for a small increase in the budget when it is presented in November. Despite the blows received over past years, which I especially felt as chief of naval operations in connection with the laying up of the frigates, I have always been an optimist.

"I therefore hope that our willingness to take part in the sharing of tasks—so-called burdensharing—which the alliance is so occupied with these days, could cause Danish politicians to be more forthcoming, for example toward NATO's combined infrastructure program.

"It should be that we all contribute according to our ability, and there is still an impression in NATO that Denmark is not doing that. It is, of course, usually money, which is needed in the form of installation construction, such as the building of so-called shelters for the protection of reinforcement aircraft," emphasized Bork.

[Question] If the zero solution becomes a reality where will the money come from for strengthening the Armed forces?

[Answer] "If we do not get that increase in the budget, we must try to obtain savings through efficiency measures ['rationalize,'] and that has also been brought out in the debate during recent years, that there are possibilities. One should be very careful with the use of that word, however, because it often becomes associated with cut-backs.

"But I will freely admit that there are some areas in the support structure where some money could be obtained which could benefit our real combat ability and readiness to contribute. It has been mentioned in connection with the debate about the Army's garrisons and the Navy's bases. Among the items mentioned are the possibility of closing one or two naval stations in Copenhagen, Korsor and Frederikshavn. But if that is to be a solution we must go immediately to work and do it rapidly. If we do not disregard local political interests, and do not once and for all cut to the bone, we run the risk that the Navy especially will very quickly waste

away. It is," said Vice Admiral Jorgen Bork, "vital that we buckle down and show that we really are serious. Otherwise we will lose the degree of professionalism that we have today."

9287

## FINLAND

### **Crotale With Domestic Radar Ordered for Anti-Cruise Missile Role** *36170070a Helsinki HELSINGIN SANOMAT in Finnish 21 May 88 p 12*

[Article by Martti Heikkila]

[Text] Scheduled to be purchased by Finland, the French Crotale—"rattlesnake" in Finnish—is not a basically new solution; that is, procurement of a prototype is not at issue. Development of the Crotale system was begun in the latter half of the 1960's and the weapon was put into operation in France as early as 1971.

The system designed for Finland is an all-weather version and it was originally intended to specifically destroy low-flying targets, even those traveling at supersonic speeds. This means that the Crotale is also capable of destroying cruise missiles and very low-flying fighter planes.

The Crotale is also effective against armored helicopters.

#### **Target Detected 20 Kilometers Away**

With the Crotale system a target some 20 km away can be detected. It is capable of repelling objects at a distance of 10 km and up to an altitude of about 5 and a half km. The shortest distance at which it can repel objects is about a half a kilometer and the lowest altitude about 50 meters.

The system designed for Finland includes a control center, mounted on a Pasi tank, in which a target-display radar, a fire-control radar and the necessary computer equipment are located. One command car can control the firing of four missile launchers also mounted on Pasis. There are four missiles in each launch battery.

Command contact between the control unit and the launchers is effected by either cable or radio signals. Radio contact makes it possible to locate the launchers advantageously in the field regardless of where the command car is located.

The whole system can be combined in one unit as is the case, for example, in the picture, where the missile launcher and target-tracking and missile-launching equipment required by the system are mounted on a single Pasi tank.

The Crotale system contains an automatic target-tracking option, whereby each missile can track its own target. This being the case, with the Finnish version one launch unit can simultaneously track four targets.

#### **Domestic Radar May Be Suitable for Backing Up System**

A mobile target-display and monitoring radar system mounted on the Pasi tank and used by anti-aircraft batteries is already in operation in Finland. It is very likely that the target-display radar of the missile system can be given the target direction from this radar system in the form of, for example, radio signals. In this way, the target would be detected long before it reached the distance at which it would be repelled.

#### **Crotale Is Easy To Use**

The Crotale system to be procured by Finland is considered to be very reliable and its components state-of-the-art. Because of this, it is easy to use the system and it can, in principle, even be controlled by one man.

The time required by the technology to get it ready to fire is brief, only a few seconds. Once the missiles are fired, a well-trained crew can reload the four-missile battery in a couple of minutes.

The missile itself weighs over 80 kg. It is just under 3 meters long and about 15 cm in diameter. Crotale attains its top speed, over twice the speed of sound, in somewhat more than 2 seconds.

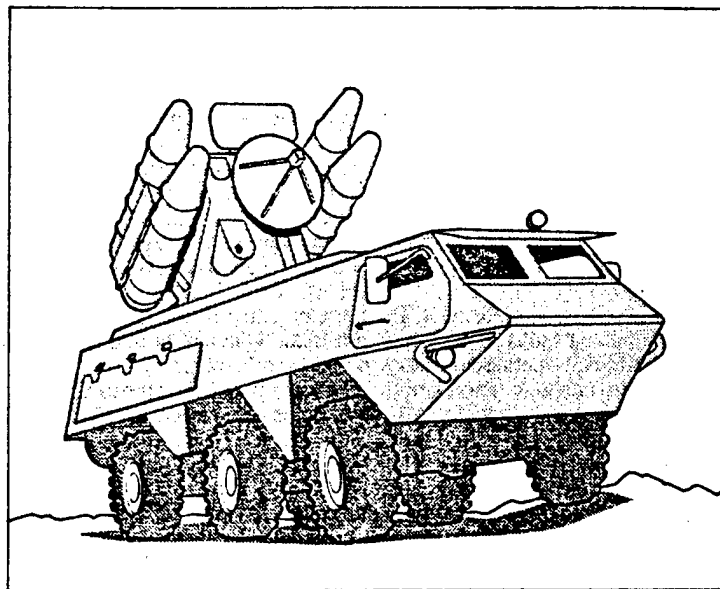
The missile's destructive effect is based on the shrapnel produced when the warhead explodes, either near the target, by means of an infrared detonator, or on hitting it.

#### **There Was a Gap in Target Defense**

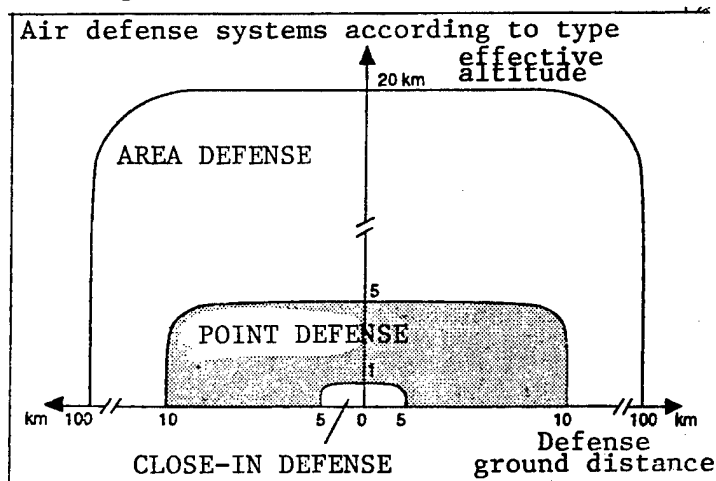
There are at present two types of anti-aircraft missiles in use in Finland: large, slow-moving areal anti-aircraft missiles, to protect Helsinki among other areas, and shoulder-fired short-range missiles. Between them there has been a gap in our defense system which we now intend to fill. As their name indicates, target-defense missiles are used to protect some specific target. Such targets are, for example, an armored unit or an airfield. Classified according to range, target missiles are designed to operate between 2 and 10 km.

#### **Reciprocal Purchases Are the Basic Issue**

The target-missile procurement is such a large sale that a condition of fully reciprocal purchases has been imposed on it. According to the Defense Ministry, reciprocal purchases are a downright basic issue in connection with the sale, that is, if reciprocal purchases are not arranged



The Crotale launcher contains four missiles. The configuration shown has a firing unit in which are located both fire-control and target-seeking radar.



Finland's point air defense is still a gap. Area and close-in missiles were acquired in the early 1970s.

for, the whole missile sale will be in danger of falling through. A few papermaking machines, which Tampella and Valmet—also known as producers of military equipment—manufacture in Finland, could, for example, be included in the 800 million markkas [in reciprocal purchases]. Tampella probably has more need of paper-making machine sales than Valmet, whose volume of

orders is in better shape. There are four missiles in the Crotale battery. Both the fire-control and target-display radars are located in the battery in the sample illustration.

11466



**Armed Forces To Train More Recruits in  
Avoiding Fear, Panic in Combat**

*36170051b Helsinki UUSI SUOMI in Finnish  
10 Mar 88 p 5*

[Text] The Armed Forces have awakened to the need for attaching more importance to the psychological and attitudinal training of recruits for combat than is the case at present.

The current training of recruits has been criticized for overly emphasizing technical and motorized training.

For example, genuine psychophysical techniques to combat panic and fear are almost completely ignored or dealt with very briefly.

Juhani Sinivuo, the chief of the General Staff Military Psychology Office, admits that training is slanted.

According to him, they have recently been attaching particular importance to battle psychology and it is being assigned more importance than heretofore, especially in connection with the training of officers.

As for the training of recruits, no very rapid reforms are in sight. Lt Col Pertti Pyotsia, the chief of the General Staff Training Office, said that the current training of recruits is based on the creation of a picture of the battlefield that is as realistic as possible.

**They Don't Talk About War in the Army**

Basing [his remarks] on his own earlier experiences as a recruit and in the RUK [not further identified], commercial ad designer and second lieutenant in the reserves Martti Korpjaakko, who stated that not enough importance is attached to the recruit's psychological orientation, discussed the picture of the reality of war given during the training of recruits in KYLKIRAUTA, a magazine published by the cadet corps.

In the article expressing his opinion on the matter, Korpjaakko exhibited surprise at the paradox of recruit training: Extremely little of what is known about war is mentioned during one's service as a recruit.

During the training period they attentively study attack techniques and defensive combat configurations, practice advancing in platoon and squad formations in the field and improve their knowledge and skills.

"But no attention at all is paid to the psychological position and mental attitude they assume."

**Brief Words**

According to the experiences Korpjaakko had during special officer training in communications, there was no mention during the training period of those psychophysical reactions by means of which a person readies

himself for combat and of how he accustoms himself to a post-combat situation when, for example, some men from his own unit are left lying on the battlefield.

During the training period, controlling fear and panic is dismissed with a few brief words and war is just not treated as a human experience, although literature and motion pictures would constitute excellent sources [of information] in this area.

**Hard To Train for Fear**

General Staff Military Psychology Office chief Juhani Sinivuo admitted that their training is very largely limited to training in technical and intellectual know-how.

According to Sinivuo, however, in practice it is hard to train for situations involving fear and panic.

"It's quite impossible to evoke fear in time of peace," Sinivuo expressed his doubt.

The greatest obstacle, according to him, is public opinion, since training methods in use in the armies of the superpowers, among the mildest of which is crawling across fields of barbed wire, are scarcely accepted in Finland.

**Leaders Must Control Situation**

On the other hand, Sinivuo reminded us that psychophysical training is focused at the command level elsewhere in the world too.

"Leaders must in the first place know how their men will behave in fear and panic situations."

In international military psychology studies they have concluded that it is pointless to undertake to teach a very large company of recruits mental behavior in theoretical terms.

Lt Col Pertti Pyotsia rejected impressions that too little attention is paid to the realities of war in the training of recruits.

Pyotsia acknowledged that it is difficult to realistically simulate training situations carried into the domain of the mind. This is why this kind of training is of necessity largely verbal and theoretical, taking place in classroom sessions and at best in combat displays.

Pyotsia agrees with Sinivuo that in psychological training the focus is on the training of leaders.

## SWEDEN

### Military Says Need Stronger West Coast Defense To Preserve Neutrality

36500132b Stockholm DAGENS NYHETER in Swedish  
11 Jun 88 p 7

[Article by Claes Sturm: "Total Defense Commanders Say, in Discussion Periodical: 'Strengthen Western Sweden's Defense'"]

[Text] It must be possible to defend western Sweden. If defensive capability in the west is reduced, Sweden cannot make its neutrality credible to the great powers any longer.

"The danger is increasing that both the Warsaw Pact nations and NATO will consider themselves forced to safeguard themselves there in a major conflict, and Sweden will be drawn into it as a result."

In the discussion periodical, FORSVAR I VAST, 11 military and civilian total defense leaders in western Sweden spoke thusly and in so doing they give expression to an idea that is in sharp opposition to the leadership of the Armed Forces and the Army.

In regards to the impending defense bill, the latter have given priority to the defense of Norrland, eastern and central Sweden, while western Sweden is threatened with a reduction. There are 10 colonels and chancellory superintendents for the Western Civilian District who have gotten together in the "colonels' rebellion." Behind them is also the Association for Goteborg's Defense, which now is 76 years old and is paying for the printing of their analysis of the situation.

The tremendous reduction of the Navy that has taken place on the west coast has alarmed us already. In view of the reduction both in the air and on land that now has been announced, we are extremely alarmed, to put it mildly," says the Association's chairman, the president of a Court of Appeal Division, Gunnar Dyhre.

### Dangerous Indication

The colonels point out Sweden's importance from the global and strategic points of view, in a conflict of the great powers. One of the Warsaw Pact's four base areas for getting to the ocean is located in the Baltic Sea. NATO's shortest route there goes across western Sweden.

With Gotaland's 40 air bases (compared to five in Norway and five in Jutland), Sweden should be able to function as an "aircraft carrier" for NATO. If the Armed Forces in western Sweden are reduced, that could be

taken by Moscow as a dangerous indication that Sweden does not want to, or does not think it can, withstand an attack by NATO to secure the Swedish bases for itself.

To prevent such a development, the Warsaw Pact nations could in turn, feel themselves forced to make plans for and carry out an early intervention in western Sweden.

"If Sweden wants to appear credible in its neutrality, strong military forces will be required for that purpose in western Sweden" is the conclusion of the colonels that was submitted to the Minister of Defense and the leadership of the Armed Forces, and which has not yet been responded to.

### Large Resources

What is needed in the west is a strong territorial defense and a number of brigades in the area that among other things, can protect the air bases. Furthermore, formations of ships are needed, which primarily are intended for missions on the west coast and which have the support of coast artillery and missiles, an air defense with a high state of readiness and, last but not least, a well-developed reconnaissance and intelligence service.

Also, aside from the big global and strategic considerations, western Sweden has large personnel and material resources that must be taken into account in an analysis of Sweden's defense," the colonels point out.

A fourth of the country's population lives there and Scandinavia's biggest import harbor, industries that are important for military production, the country's petrochemical center and the greater part of its refinery capacity, plus other things, are located here.

### "Would Have To Cost Money"

The analysis was made without taking the economy into consideration, and the colonels have not said anything about what would be cut down or where cuts would be made if they are not made in the west.

We only want to point out what western Sweden means in regards to defense," they say. "It would have to cost more money here and there."

They now hope to be able to create opinion favoring their view, among other things, through the periodical, 6,000 copies of which are being printed for a start. It is to be distributed to Riksdag members, municipal politicians, military decision makers, trade-union organizations and other interested parties.

DENMARK

**Schluter, Auken Discuss Compromise on  
Agriculture**

36130072b Copenhagen BERLINGSKE TIDENDE in  
Danish 23 Jun 88 p 5

[Article by Per Lyngby: "Approaching a Major Agreement"]

[Text] Farmers, the long-term jobless, and taxpayers subject to interest payments are in the same boat in the negotiations between the government and the Social Democratic Party.

The government and the Social Democratic Party are today finalizing a major, three-party agreement which will comprise a rescue plan for agriculture, aid to the long-term jobless, and a relaxation of the tax on interest earnings under the potato diet. Late last night, the parties took leave of one another following 6 and 1/2 hours of negotiations in the office of the prime minister. It was everybody's impression that an agreement was about to be reached.

After the negotiations, Svend Auken, chairman of the Social Democratic Party, said:

"It is our aim to have all three issues clarified before the Folketing goes into its summer recess, and the Social Democratic Party will have a clarification on Thursday." (TODAY; editor)

Prime Minister Poul Schluter (Conservative Party) took the same position:

"It definitely is not certain that we shall be able to agree, but I hope that there will be a clarification with the Social Democratic Party on Thursday. Should that not be feasible, the government will have to continue its negotiations in some other way. We have to, and we want not least to solve the question of the refinancing of agriculture."

Poul Schluter expects the bills governing agriculture, the long-term jobless, and the tax on interest earnings to be adopted on Thursday or Friday of next week. Already today the government intends to vote in the Folketing in favor of a draft resolution from the Center Democrats and the Social Democrats, requesting the government to reduce the tax on interest earnings.

07262

**Schluter Defies Majority on Public Sector Plan**  
36130074a Copenhagen BERLINGSKE TIDENDE in  
Danish 22 Jun 88 p 4

[Article by Ole Dall and Per Lyngby: "Schluter Would Defy Majority"]

[Text] The government does not want to listen to a political majority's opposition to plans for cuts in the public sector. Now, the parties' Folketing groups will have to consider the consequences, says Svend Auken (Social Democratic Party).

The Conservative, Liberal, Radical Liberal coalition does not intend to comply with demands of that majority opposed to a hiring freeze for the public sector. And, in general, the government does not feel itself bound by resolutions and legislative proposals that have been adopted by the Folketing.

The above statement was made by Prime Minister Poul Schluter (Conservative Party) following consultations last night with the economic policy committee of the Folketing. The occasion was the government's announced "modern hiring freeze" for the public sector, according to which the total wage and salary expenditure will be reduced by 2 percent this year and by another 1 percent in 1989.

"There are so many tendencies toward using increased personnel that we must dig in our heels to avoid a runaway situation," Prime Minister Schluter stated.

A majority composed of the Social Democratic Party, the Socialist People's Party, the Center Democrats, and the Christian People's Party does not agree. They want the cutback plan to be dropped.

Schluter's comment on this was:

"We are not ignoring the opinion of the majority, but the fact of the matter is that we have been entrusted with government responsibility. We have to be afforded an opportunity to live up to that. If we were to allow ourselves to become intimidated each time somebody in the Folketing takes a somewhat different view of things than the government, it would be entirely impossible for us to exercise the government responsibility."

Svend Auken, chairman of the Social Democratic Party, said that it is the very essence of democracy which is now at issue. "The individual party groups now have to be given opportunity to consider the consequences of the Prime Minister's statements, which we have asked be given in writing."

07262

**Tax Minister Rasmussen on New Government,  
Economic Policy**

36130072a Copenhagen BERLINGSKE TIDENDE in  
Danish 13 Jun 88 p 5

[Article by Carl Otto Brix: "Without Ideas and Results,  
the New Government Will Die"]

[Text] Tax Minister Anders Fogh Rasmussen, deputy chairman of the Liberal Party, says that the Radical Liberal Party has given the government a liberal shot in the arm, and he predicts ideological and economic reforms.

The present government will waste away from consumption and will die in its bed unless it takes the lead and is active and creative.

This is the way Tax Minister Anders Fogh Rasmussen, deputy chairman of the Liberal Party, views the situation after the first week of the Conservative, Liberal, Radical Liberal coalition and its initial meeting with the Folketing.

Otherwise, he finds that, through the participation of the Radical Liberal Party, the government has received a liberal shot in the arm and thus new inspiration.

[Question] What is the contribution of the Liberal Party to the government program?

[Answer] The prime minister's report last Tuesday holds numerous things which we in the Liberal Party can point to with gratification. Undoubtedly, the other coalition parties are able to do the same thing. The report, for example, describes an industrial policy which, to a very large extent, is aimed at small enterprises, and to which we in the Liberal Party attach great importance.

[Question] What were your feelings in taking leave of the Center Democrats and the Christian People's Party?

[Answer] Sadness. In the midst of our joy at the formation of a government which is able to function, it is sad having to take leave of two partners with whom we have had good cooperation for 6 years. I very much hope that we shall be able to achieve good cooperation with them anew once the initial, and possibly understandable, disappointment has subsided.

**Three-Party Coalition Functioning Best**

[Question] To the Liberal Party, it was merely a question of its own participation?

[Answer] Certainly not. In the course of events, it turned out that a government composed of these three parties would be the one best able to function.

[Question] How will that show?

[Answer] First, there are certain urgent matters which will have to be attended to before the summer recess. In October, the actual government program will be coming, which, for good reasons, we have not been able to present yet.

**Government Able To Reach Wide Circle**

[Question] Is there any doubt that it will be in relation to the Social Democratic Party that the new government will become better able to function?

[Answer] It is not possible to point to specific parties in relation to which the government will become particularly effective. Its place in the Folketing is such that it will be able to get in contact with a number of parties.

[Question] It will probably not be able to function better in relation to the Progressive Party than the Four-Leaf-Clover government?

[Answer] I can, at least, not see that it would be less able to do so. Why would that be?

[Question] Because the Radical Liberal Party does not want to deal with the Progressive Party?

[Answer] Everybody who has been participating in the government negotiations during the past 3 weeks has been intent on forming a government which would bring about a broad cooperation in view of the fact that it would not be possible to form a broad majority coalition.

[Question] Can you imagine that the Radical Liberal Party would be better able to talk to the Progressive Party than, for example, the Center Democrats?

[Answer] I have no idea at all who would be best able to bring about that contact. The moves which the government will be making will determine the possibilities of arriving at tenable, long-term, and broad solutions, and we do not intend to exclude anybody from participating in advance.

**Government Lasting Throughout Election Period**

[Question] How long will the present government last?

[Answer] I believe that it will last throughout the election period.

[Question] Is that your impression after listening to the debate on the government's report last Thursday?

[Answer] The very criticism from many parties reflects a recognition of the fact that it would be difficult to avoid the formation of this government.

[Question] Which party will be paying for the policy to be pursued?

[Answer] That is not a simple thing to determine. Everybody will be gaining from reaching certain results jointly with the other parties.

[Question] What will be the primary objectives reached by this government?

[Answer] It would be dangerous to reduce this government's policy to a mere question of economics. However, I nevertheless have to stress the economic policy first of all. I believe that we shall be able to reach quite satisfactory results in the economic policy area.

### Systems Errors To Be Thoroughly Corrected

I find, for example, that we have to consider very seriously what may be the basic reasons for the fact that the Danish balance of payments deficit apparently has remained stuck at a level of approximately 15 billion kroner. If there are systems errors in the Danish economy, changes will have to be made in the very fundamental mechanisms.

The report of the Independent Economic Advisory Council states that the labor market has become stagnant. There is too little built-in self-interest in the systems, and if that is the case, this theory will form a good point of departure for a thorough debate on ways of bringing about a fundamental change, for example, in the labor market situation.

[Question] Is what you are saying other words for surplus distribution?

[Answer] The enterprises are free to carry that thorough if they find it profitable. They have the possibility of voluntary profit distribution. However, the Liberal Party does not find that a compulsory distribution of profits will bring about the change and renewal that are imperative.

[Question] It is a government without ideology, the Prime Minister said. Which words would you use to describe the Conservative, Liberal, Radical Liberal coalition?

[Answer] That it will have to be a government aimed at man and not at the system.

07262

### Government Parties Clash on Public Sector Cuts *36130074b Copenhagen BERLINGSKE TIDENDE in Danish 22 Jun 88 p 8*

[Article by Center Democrat Parliamentary Group Chairman Arne Melchior: "When the Abnormal Becomes the Normal"]

[Text] Minister of Finance Palle Simonsen and some of his colleagues cannot conceal their irritation that the Center Democrats will allow themselves to form a front—not a block!—against some of the ideas of the government.

A number of papers, moreover, contain leaders, warning the two former coalition parties (the Center Democrats and the Christian People's Party) against joining the Social Democrats and the Socialist People's Party.

This applies right now to the government's headlong decision to introduce an immediate and drastic cutback in the number of employees in the public sector. The Center Democrats find the cutback poorly planned and impossible to carry through at the proposed rate.

We clearly stated the same thing when we were in the government. We share the desire for cutbacks within the public sector, but it will have to take place with due regard to the clients (the citizens) and the coworkers on the basis of a previously negotiated plan. The Center Democratic ministers have themselves been extremely careful, each in their own areas.

It is now interpreted as teasing that we in the opposition adhere to our standpoint. It is not a question of teasing but of objective and factual politics. I quite appreciate that some people will find it unnatural for the Center Democrats and the Christian People's Party to vote against the government together with the two socialist parties. Therefore, this explanation:

An old saying—much used during the Second World War years—has it that the abnormal becomes the normal in abnormal times. One cannot solve abnormal situations by means of normal remedies.

The present, abnormal situation was created by the Conservative Party and the Liberal Party. Without negotiating with us and without any previous warning, they have engaged in an abnormal and unnatural constellation by entering into a government with the Radical Liberal Party. In a vast number of important areas, there is complete disagreement among them. This applies, among other things, to the foreign policy, the security policy, and the defense policy areas, but it also applies to the environmental policy, the education policy, the administration of justice policy and the transport policy areas.

Just imagine that a government, which includes Jens Bilgrav-Nielsen, will be carrying through the fixed connection across the Great Belt. That serves him well! However, this very fact alone clearly shows the abnormal, almost crazy situation.

It ought to have been clear to the architects of the government that they thus invited correspondingly abnormal reactions on the part of the parties of the opposition. For one cannot reserve the untraditional methods for oneself.

In other words, the Conservative Party, the Liberal Party, and the Radical Liberal Party have planned a situation which was not mentioned as conceivable during the election campaign and which completely violates

the political pattern of the country. They play an entirely new piece of music—and, consequently, they really cannot expect us to dance to the old tunes.

The Radical Liberals should least of all be surprised. For a large number of years, they have been midfield players, off and on playing against the parties to the right, off and on against the parties to the left. For a change, it is now the rest of us who have adopted that role. We intend to play it with greater regard to the other parties than the Radical Liberal Party did, but we do, of course, intend to maintain our views, without the commitments resulting from the government responsibility, of which we were involuntarily relieved in an inelegant manner.

7262

## GREECE

**EEC Presidency Seen Not Enjoying  
Communitywide Sympathy**  
*35420102 Lisbon EXPRESSO in Portuguese*  
*25 Jun 88 p 5E*

[Article by Jorge Wemans and Deolinda de Almeida in Brussels]

[Text] After the enormous step forward felt by the Community during the German presidency, no one in Brussels expects that Athens will be able to maintain the same rhythm of accomplishment over the next 6 months with which Bonn stamped the Community. However, all observers agree that the Greek presidency will place particular emphasis on matters relating to "economic and social cohesion." As is known, this concept describes the package of voluntary measures the members are willing to develop to reduce the most flagrant economic and social inequalities existing in their regions and among their citizens.

In effect, ever since Greece issued its "memorandum" at the beginning of the year, it has been clear that the Athens authorities intend to take advantage of the time during which they will exercise the presidency to promote "harmonization" of the European social space. As a Greek Foreign Ministry official noted, "Greece has little to gain from the unified market but, though it will not impede steps already taken in that direction, neither will it cease applying pressure to finalize the counterpart measures already approved." And those counterpart measures are precisely a package designed to promote "economic and social cohesion."

### Unencouraging Past

In addition to the attention devoted to this specific topic, the presidency must continue to assign great importance to the ongoing renegotiation of the Lome Convention, the GATT negotiations to be held in Montreal in November, and the signing of the EEC-COMECON trade agreement. Internally, topics to be considered

include new progress toward a unified market—the opening of the public sector markets of each country to competition on the part of firms from other countries, the liberalization of financial services, mutual recognition of academic diplomas—and final agreement on policy coordination on such topics as East-West relations and the Middle East crisis.

In the face of all these problems, Athens is receiving little sympathy within the Community. "The Greeks have never showed great Community spirit," it was noted in Brussels, where attention is called to Greek peculiarities with respect to European security and defense, regional alliances and the latest agricultural negotiations. After a pricing package had already been approved by 11 countries, Athens invoked "vital interests" to veto the decision. That was the first time since the signing of the European Unity Act that a country had resorted to veto.

Furthermore, the role of Greek Commissariat Gregoris Varfis—whose (already announced) replacement will be Mrs Papandreous (who is unrelated to the prime minister)—has been characterized in negative terms. In addition, those who criticize the capabilities of the Greeks also remember the failure of the Athens summit (during the term of the first Greek presidency), the only one that did not have a final communique. In that context Madrid, whose presidency will follow that of Greece and of whom great progress is expected in advancing the Community, is highly regarded, if only because the new commission will be put into place at the beginning of the Spanish presidency, and elections for the European Parliament will be held during Spain's mandate. These will perhaps be sufficient to eclipse the administration of Athens.

13026

## PORTUGAL

**Cahora Bassa Conference: Hopes for Stanching  
Losses**

*Lisbon EXPRESSO in Portuguese 25 Jun 88 p 7*

[By J. Henriques Coimbra]

[Excerpts] "The work is done," is what "Cahora Bassa" means in Portuguese. Owing to the irony of circumstances, that is all Portugal wants out of the bad deal that this big dam represents: that the parties come to an agreement, that there be someone—at last—to pay the bill, and that this legacy of colonialism for which we never assumed responsibility disappear quickly into the dust.

Twenty years ago, Frelimo launched a major offensive against the completion of the Cahora Bassa dam, thus opening a new battlefield in what was then known as Tete District. At the time, Frelimo was fighting the Portuguese, but even then it was fighting the South Africans too, since they were the main ones interested in

that big electric power generating complex. Now it is a Frelimo government that is doing everything it can to get "the Pretoria racists" to let go of the giant of the Zambezi so that he, too, can help with the recovery of a country shattered by war, hunger, and a persistent series of natural disasters.

The "Lisbon agreement" signed Wednesday at the Palacio das Necessidades is an attempt to put an end to the stranglehold over what is one of the largest dams on the African continent. A new scene was unveiled for international public opinion; the actors were the same, but they were playing completely opposite roles.

This time, the Portuguese Government was not a mere broker between Maputo and Pretoria—to induce the two to come to the big green table at Palacio das Necessidades, where they signed a preliminary agreement for the reinauguration of Cahora Bassa—but was an active, perceptive, and persistent party that effectively sought to reconcile parties who not only differ with each other but are sworn enemies.

Portugal only wants to keep from losing more money. It anxiously awaits the moment when it can close the account books and hand over to Mozambique this "hostage" which no one has killed yet, but which no one has claimed, either, despite its having been taken by the "good giant," a survivor of all sorts of contradictions, which could attract to the extremely fertile and extensive Zambezi valley a community of farmers and industries capable of demobilizing the militants of the movement to liberate that colony.

#### **Renamo Unwilling To Quit**

Some positions having been reversed, if Cahora Bassa wasn't disabled by the Frelimo fighters, even at the height of the battles, it ended up being paralyzed by Renamo, which was drastic and ruthless in destroying the power lines and, what is worse, promises to continue destroying them.

In commenting to EXPRESSO on the signing of the "Lisbon agreement", Francisco Mota Moises, leader of the "American faction" of the rebels, said on Thursday that the document "in no way alters the strength of Renamo, which has not depended on South Africa since the Nkomati Agreement. If people start rebuilding the lines," he added, "we will attack them again, so that the enemy cannot benefit from South African money to finance its military effort."

#### **[boxed material] Losses: 39,500 Contos Every Day**

[By Sergio Soares]

The agreement reached Wednesday in Lisbon by delegations from Portugal, Mozambique, and South Africa, to recommend to their respective governments a plan to rebuild and rehabilitate the power transmission lines

from the Cahora Bassa dam, does not yet constitute a means of stanching the hemorrhage of the losses that have accrued to Portugal during the past 19 years because of that hydroelectric enterprise.

Lisbon, which did not insist that any Portuguese company participate in the rehabilitation of the power lines, will consider itself well satisfied if it can stop losing money between now and the final repayment of the debt from that enterprise, on which it is the largest debtor.

The project that is the subject of the trilateral agreement reached by the parties is still in the domain of (good) intentions, and even if it becomes a reality, will still entail expenses in excess of 100 million contos for Portugal, which is already liable for total losses of more than 200 million contos.

In the event that South Africa and Mozambique guarantee the security of the dam, and if the 18-month deadline for rebuilding the 540 pylons that were knocked down along the 1,400 km that separate Songo from the Apollo substation in South Africa can be met, Portugal will continue to defray the expenses of operating the enterprise and servicing the debt on it.

#### **South Africans Rebuilding the Pylons**

Given the Portuguese refusal to keep on spending money to restore the hydroelectric complex, the South Africans agreed at this Lisbon meeting to finance the rebuilding of the poles destroyed by Renamo in recent years. A new power pylon costs about 3,000 contos, but the costs associated with its reinstallation are three times that figure because of the need to open up access routes and maintain security during all phases of the repair work.

The deficit from the operation of the dam, consisting of repayments on the debt, maintenance costs, and manpower expenses have now exceeded 200 million contos—9 million contos a year, or 39,500 contos per day.

Until 1983, Portugal received about R.05 (5 South African cents) for each Kwh of electricity supplied to South Africa, a sum which didn't even pay the maintenance costs.

Since then, Lisbon has been demanding—over the objections of South Africa—an increase in the tariff on the electricity it supplies.

At a previous trilateral meeting held in Lisbon in 1984, the then treasury secretary, Antonio de Almeida, succeeded in negotiating an increase of R.15 (15 South African cents) per Kwh of electricity distributed—but not a single Kwh has ever been sold at that price because transmission has been regularly interrupted by Renamo attacks.

## TURKEY

### Contractors Pull Out of Depressed Saudi Market

35540164c Istanbul DUNYA in Turkish  
20 Jun 88 pp 1, 10

[Report by Ayfer Karatas]

[Text] Turkish contractors are withdrawing from Saudi Arabia which was one of the largest markets in the Middle East between 1976 and 1985. The contractors say that Saudi Arabia's investments have reached a saturation point and that very few projects have been tendered in recent years.

Baytur Construction and Contracting Corporation Project Director Gurkan Ersoy noted that at present Saudi Arabia opens tenders on small projects once every 2 to 3 months compared to large projects every week in the past. He added that the Saudi economy was deeply shaken by the decline of revenues as a result of the drop in oil prices as well as the outflow of funds to Iraq to help it in the Gulf war. Stating that Saudi Arabia's infrastructure and superstructure projects have been saturated, Ersoy said: "Saudi Arabia has moved from an investment to a maintenance era." Noting that at present there are 18,000 empty homes in Saudi Arabia and that there are no people to inhabit those homes, Ersoy said that Saudi Arabia is not investing in industrial projects because it has already set up its industrial zones.

Soyak Construction and Trade Corporation Deputy Director General Oktay Orhon said that his company entered the Saudi market at the beginning of 1981 at which time the country had a budget of 313 billion riyals and a revenue of 350 billion riyals. Orhon stated that beginning in 1985 large Western firms began to withdraw from Saudi Arabia and that unit prices dropped substantially because of intense competition. Orhon noted that in addition to the drop in the size and number of projects and the resulting increase in competition the Saudi contractors also learned the business and that, as a result, Turkish contracting firms have been forced to withdraw from that market. Orhon said that, except for a few Turkish firms who are still working on projects awarded in the past, no contracting firms remain in Saudi Arabia.

Cevahirler Construction, Contracting and Trade Limited Company Chairman Mehmet Cevahir said: "Even Saudi contractors are having difficulty in finding work." Stating that investments in Saudi Arabia have been declining in the last 2 years and that today they have reached rock bottom, Cevahir said that there was much work in Saudi Arabia between 1976 and 1985.

STFA Administrative Council member Kamuran Gurun said that the Saudis have postponed several projects because of their economic problems. He added: "They are only extending maintenance projects. We are not planning new operations in that country because they do not have any projects suitable for us. There are no more jobs in Saudi Arabia."

9588



## ITALY

### ISTAT Reports on National Crime Trends

35280162a Rome LA REPUBBLICA in Italian  
26-27 Jun 88 p 16

[Article by Giuseppe Cerasa]

[Text] ROME—How is crime changing in Italy? What is happening in large cities, and small- and medium-sized towns? What regions are leading in crime? Are more crimes committed in "areas with more organized crime" (Sicily, Sardinia, Calabria, Campania) or in the rest of the nation?

An analysis of crime in the nation is contained in a booklet prepared by ISTAT showing tabular data and effective comparisons which demonstrate that "the Italy of crime has changed." That is, it has followed the evolution of national commerce, during which the nation rapidly changed "from an agricultural to an agro-industrial economy and finally entered a post-industrial era." And this is the reason for an increase in robberies and bad checks; crimes against the individual decrease (mass murders, culpable homicides, unintentional homicides), but there is a sharp increase in crimes against private property, public institutions, industry, and commerce. The ISTAT study covers principally the three years of 1984-86, but also examines the evolution of crime in Italy since 1971. And this could not have been omitted, since it is specifically in the first half of the 1970s that crime experienced a veritable boom. Within only 5 years, from 1970 to 1975, the number of crimes doubled, surpassing the two million number in the entire country. Since then things have stabilized. The number of crimes committed in 1984 were 1,978,339, in 1986 these increased to 2,030,173, but for the experts the 2.6 percent increase can be considered inconsequential.

#### More Violence Against Minors

Crimes against the individual have decreased (except homicides which have increased from 4,462 in 1984 to 4,929 in 1986), but crimes against morality (rape, sexual assault, corruption of minors) have increased by 40 percent during the 1984-86 three-year period.

But the greatest explosion has been in the passing of bad checks (up 52 percent), in commercial fraud (up 86.6 percent), in the sale of fake substances (up 35 percent), and in fraudulent bankruptcy (up 57 percent).

Crimes against the state have also sharply increased. Between 1984 and 1986, there was an increase of 40 percent claims for dereliction of office, while there was a 45.6 percent increase in crimes of smuggling, drug trafficking, and illegal arms commerce.

But the "king of crime" is still robbery. Six out of 10 crimes can be attributed to car theft, pickpocketing, purse snatching, apartment and store robberies. In 1984,

the ISTAT experts recorded 1,269,701 "aggravated robberies." Three years later, ISTAT registered a decrease of 125 thousand cases, but they pointed out that 96 percent of the perpetrators of these robberies remain unknown.

But the Institute of Statistics study also contains an analysis of the distribution of crime in the nation. ISTAT states that "there are strong regional variations in crime." In terms of major subdivisions, central Italy is in the lead (4,558 crimes per 100,000 inhabitants), while northern Italy with 3,444, is near the national average (3,555 crimes per 100,000 inhabitants). Substantially lower are the rates for southern Italy (3,127), and insular Italy (3,205).

Rome and the region of Latium contribute to the high rates of central Italy; these areas are at the top of the crime charts with 6,645 crimes per 100,000 inhabitants. Following are Apulia (4,325), Liguria (4,099), Lombardy (3,878), and Piedmont (3,712). ISTAT notes that in the first five places are the regions with large capital cities. "The highest crime rates are found in those regions having the largest metropolitan areas and the highest levels of industrialization."

And what happens, on the other hand, in those areas where organized crime is most developed? Campania, Sicily, Sardinia, and Calabria are all below the national level, and Calabria is even at the bottom of the chart with 1,573 crimes per 100,000 inhabitants.

Crimes per 100,000 inhabitants, by Region

Overall rate		Culpable homicides	
1) Lazio	6645	1) Calabria	5,5
2) Puglia	4325	2) Sicilia	4,7
3) Liguria	4099	3) Sardegna	2,1
4) Lombardia	3878	4) Puglia	2,0
5) Piemonte	3712	5) Campania	1,7
6) Campania	3345	6) Abruzzi	1,4
7) Sicilia	3341	7) Molise	1,2
8) Emilia	3273	8) Liguria	1,2
9) V. D'Aosta	3256	9) Piemonte	1,1
10) Toscana	2910	10) Lombardia	1,1
11) Sardegna	2866	11) Lazio	0,9
12) Umbria	2863	12) Umbria	0,9
13) Veneto	2656	13) T.A. Adige	0,8
14) Tr. A. Adige	2516	14) Veneto	0,7
15) Friuli	2431	15) Toscana	0,7
16) Marche	2176	16) Marche	0,6
17) Abruzzi	2031	17) Basilicata	0,6
18) Molise	1768	18) Friuli	0,4
19) Basilicata	1650	19) Emilia	0,4
20) Calabria	1573	20) V. D'Aosta	—

#### Homicides and Calabria

But the picture is different when one analyzes the regional occurrence of culpable homicide. In this case, we find Calabria in first place, followed by Sicily, Sardinia, and Apulia, while at the bottom are Emilia and Valley of Aosta.

Campania, on the other hand, claims first place in aggravated robbery (13,186 in 1986 alone), with a rate almost double that of Sicily which is in second place. In extortions too, first place belongs to the South. At the head of the chart for theft is Lombardy (218,000 in 1986), closely followed by Latium (207,000). Apulia beats all in crimes against the administration of justice and against the family, while Latium is in first place in crimes against public morality, public institutions, industry and commerce (77,000 compared to 57,000 for Lombardy which is in second place), and for crimes against religion and public administration.

13120

### **FIAT Proposes Salary Increases Based on Company Profits**

*35280162b Rome L'UNITA' in Italian 28 Jun 88 p 11*

[Article by Michele Costa]

[Text] Turin—At the start, it seemed as if FIAT was following its old routine for bargaining with labor unions: "hold on to the ball," waste time talking about the universe and its surroundings. Seated in front of the national secretaries of Fiom [Italian Federation of Metal and Machine Building Workers], Fim [not further identified], Uilm [Italian Metalworkers] and over one hundred delegates from the various plants, the FIAT representative for industrial relations Michele Figurati, and his counterpart for the auto sector Maurizio Magnabosco, spoke at length on the USA deficit, on the economic status of Japan, Germany, France, and Italy, on the approaching of the inevitable opening of European markets in 1992, and so forth.

Then, surprisingly, there was a twist. The two FIAT managers did not limit themselves to rejecting the union's requests (as was taken for granted from the start), but also called "unacceptable" its entirety the union platform, passing a very harsh political judgment on it. Then they presented what amounted to a "counter-platform" from the industry side: a proposal to institute a kind of "flexible yearly salary", a pay quota which would never be assured but would have to be renegotiated every year from ground zero, and based solely on the company profits.

"Enough with the concept of unchangeable benefits for the workers," declared Figurati. Because 1988 was a "good year" for FIAT (as was charitably admitted by the manager), FIAT is willing to give workers a one-time lump sum not tied to any other contracted payments, and not binding for the future. At the end of 1989, FIAT wants to discuss again whether or not the workers again deserve a similar sum. Then in 1990, the contract with

machine workers and the multi-union accord on cost-of-living [salary increases] will both expire. Therefore, there will be a possibility—FIAT believes—to make this system permanent.

This was not only a propaganda move showing that FIAT is willing to give a little money to the workers, just before a stockholders meeting where it will present record breaking results. It is a political move, aimed at putting into action within the largest private Italian conglomerate the Mortillaro proposal for centralizing salary bargaining, subordinating it totally to whatever the company declares acceptable, and to be discussed on the basis of parameters which have not been specified. And it follows that, having to bargain for wages every year, there won't be any time left to discuss other aspects of workers' compensation.

It not by chance that FIAT responded with a "no" to almost all of the workers requests, not only because—according to the company—it would raise labor costs by 20-22 percent, but also because of three purely political reasons. FIAT refuses, a priori, to discuss requests that would increase costs or negatively affect efficiency or competitiveness (therefore no discussion of working hours, work organization, etc...). It doesn't even want to talk about topics already discussed a year and a half ago in the contract with the machine workers. Figurati explicitly stated that technological innovations and achievement of equal opportunities for men and women are not topics for negotiation. Only on the possibility of establishing places for fresh meals, did FIAT concede on letting a "technical committee" examine the problem.

The reactions from the unions have not all been uniform. The Uilm Secretary Luigi Angeletti told reporters that "in preparing the platform, we already had envisioned a system for negotiating salary on the basis of company performance. We now have to determine whether or not the FIAT proposal is serious and substantive. We are interested in further discussions on it." The Fim Secretary Gianni Italia said that "it is a proposal which does not change what we presently have and allows discussion on the rest. The FIAT proposal is a realistic challenge and has to be tackled."

On the other hand, Fiom National Secretary Guido Bolaffi stated that "the salary part of the platform is inseparable from the rest of the platform. And we will show that our salary request can be fully met without any detriment to the company. Regarding the FIAT proposal, this type of payment called "profit-sharing," already exists in some countries, but it can be argued whether or not there is an increase in salary, without bringing into the discussion what already has been gained." Initial discussions of this negotiating session will continue and end today. Afterwards, the unions will have to agree on what to do next.

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